

UNDERSTANDING THE DRIVERS FOR, AND POLICY  
RESPONSES TO, THE RAPID GROWTH OF PRIVATE  
RENTING IN ENGLAND: HAS 'GENERATION RENT'  
BEEN 'PRICED OUT'?

BY

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## **Abstract**

This thesis investigates the factors which account for the rapid growth of private renting in England and how these factors have interacted to produce the growth. It challenges the most common explanation which is that potential owner occupiers were 'priced out' and have instead become private renters. A mixed methods approach addressed three key limitations of popular and academic explanations of this trend using an analytical framework developed from critical realism.

Multivariate analysis of socio-economic changes between 2001 and 2011 assessed the interaction between drivers and their relative influence. Geo-demographic analysis identified different niches within the private rented sector in Birmingham and highlighted the diversity of the tenure. Wider political drivers were investigated using Political Discourse Analysis. These political drivers shaped supply and demand for private renting at a national and local level.

Research findings demonstrate that the growth of the tenure is due to the interaction of a wide range of drivers acting from the global to the individual. Drivers acting at a variety of levels results in differential growth across niches and geographic areas. My results confirm the importance of the growth of private renting, particularly in relation to the polarisation of wealth and accommodation for low-income households.

## **Dedication**

For Liz, Amie and Daniel

In memory of Iain Pattison and Douglas Black

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# CHAPTER ONE - THE RAPID GROWTH OF PRIVATE RENTING: DEFINITIONS, HISTORY AND INTERNATIONAL COMPARISON

## **1.1 The rapid growth of the private rented sector in England**

Around the turn of the millennium it was being argued that “few people would mourn the demise of private landlords” (Balchin & Rhoden, 2002, p.147). The textbook position stated that private renting in England was “increasingly seen as the ‘residual’ sector” (Hill, 1993, p.191). The private rented sector had undergone decades of “managed decline, with little realistic expectation of significant amounts of new investment” (Malpass, 1998, p.173). This decline had stopped at the end of the 1980s and the sector grew marginally during the 1990s. However, “it is unlikely that local increases in supply of private rented accommodation will survive a sustained increase in prices in the owner occupied sector” (Balchin & Rhoden, 2002, p.153). Yet within fifteen years the tenure had re-emerged and the media had identified a new phenomenon: ‘generation rent’. There was growing concern that a generation of young people were being ‘priced out’ of owner occupation and so were finding alternative accommodation in a growing private rented sector. Academics such as Wilcox have reflected that this rapid growth of private renting “took everyone by surprise” (quoted in Birch, 2012). How did this change in the fortunes of the

private rented sector occur? How did it go from being perceived as a dying, marginal tenure to one experiencing rapid growth in little more than a decade? The first step in investigating this growth is to gain a more detailed understanding of it.

Figure 1 highlights the end of two historic tenure trends which dominated the English housing system during the 20<sup>th</sup> century. These were the growth of owner occupation and the decline of private renting. It is estimated that owner occupation accounted for less than one quarter of households in 1918 before experiencing 80 years of growth. The relative size of owner occupation peaked in 2003 at 71% of households before declining to 65% of households in 2011/12. In contrast, the private rented sector accounted for almost three quarters of households in 1918. After a long decline private renting reached its lowest relative size in 1988 accounting for just 9% of households. The private rented sector increased marginally during the 1990s before growing rapidly from around 2001 onwards. Between 2001 and 2011/12, private renting increased from 10% of households to 17%. These long term tenure trends show that the recent growth of private renting represents the first sustained increase in the relative size of this tenure in a century. In this thesis, I will focus mainly on changes in the relative size of different tenures. The focus on relative tenure sizes is designed to highlight the process of change. In particular, it emphasises the roles played by different tenures within the housing system.

Figure 1: Tenure Trends in England, from 1918 to 2008<sup>1</sup>

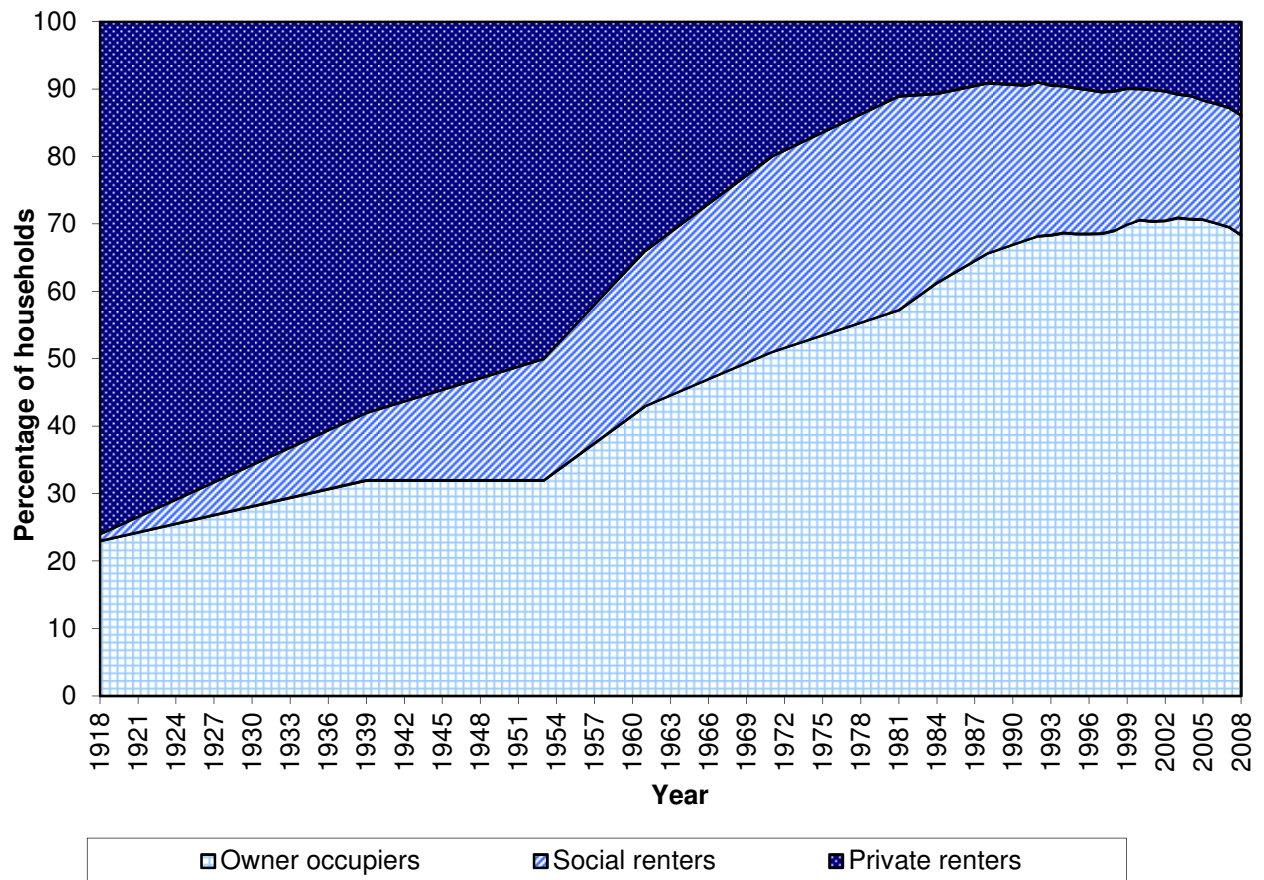
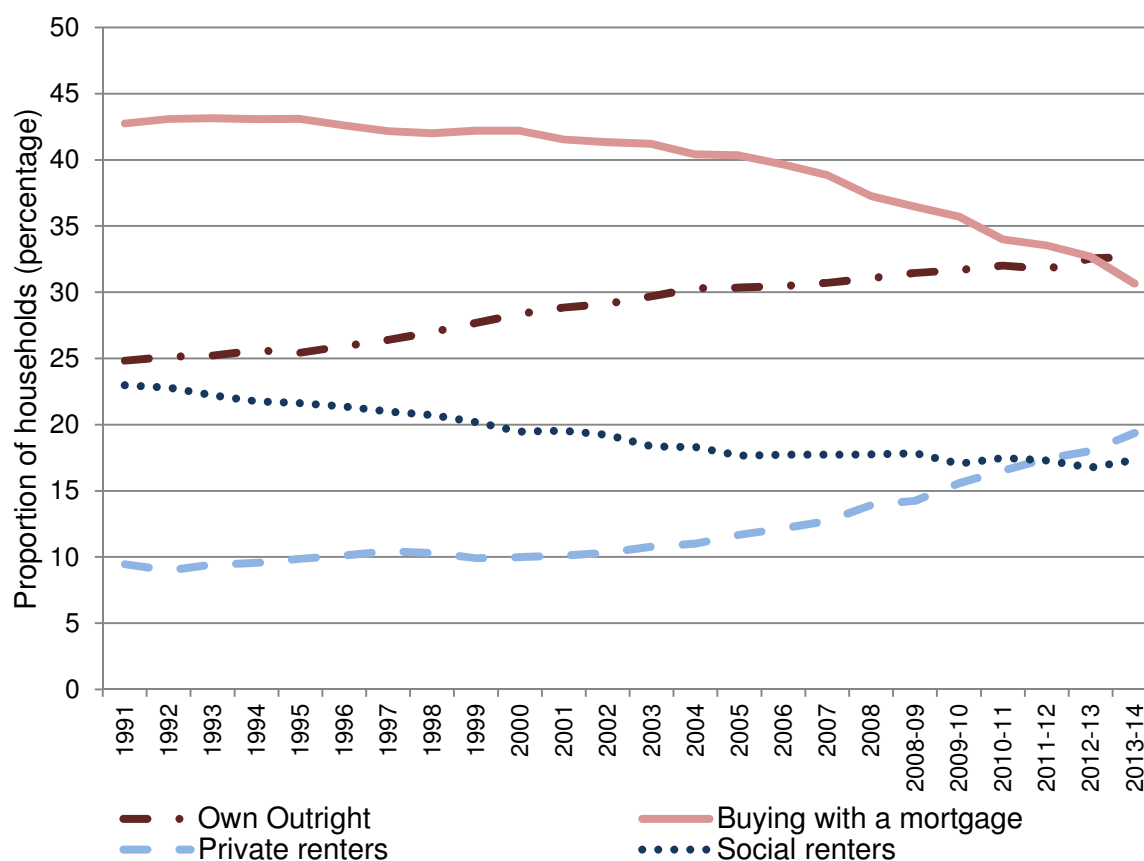


Figure 2 provides a more detailed analysis of tenure change from 1991 onwards. It shows private renting overtaking social housing in 2012/13. Social housing accounted for 17% of households in 2012/13 down from a peak of 32% in 1981. Owner occupation is divided into two categories which have very different trajectories during this period. Outright ownership increased from 25% of households in 1991 to 32% in 2012/13. In contrast, the proportion of households buying with a mortgage declined from 43% to 33% during the same period. Outright owners represented the largest of these four tenure categories

<sup>1</sup> Taken from: Pattison & Vine, 2010. Data source is: Department for Communities and Local Government (2008) Live Table 801: Tenure Trend from 1918, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11816/141491.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11816/141491.xls) It is worth noting that data prior to 1953 should be treated with greater caution.

in 2013/14. These figures highlight changes in the tenure mix of the housing system in England.

*Figure 2: Trends in relative size of tenures, 1991 to 2013/14, England<sup>2</sup>*



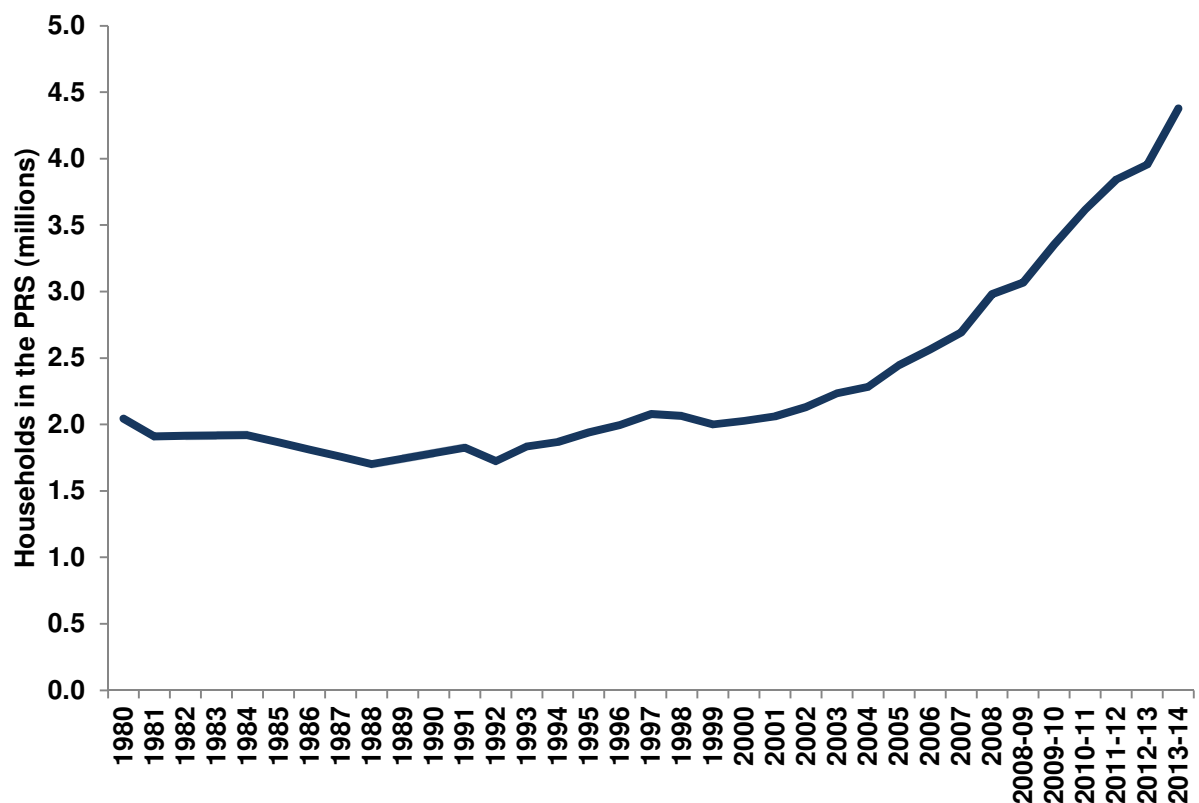
It is important to also note changes in the absolute size of different tenures as this helps to explain changes in the relative size of tenure categories. From 1953 to 1981 there was a rapid decline in the absolute number of households who were private renters in England. By 1981 just 1.9 million households were left in the tenure from a peak of almost 6.5 million.<sup>3</sup> Private renting continued to decline until 1988 and then saw a modest increase during the 1990s as the

<sup>2</sup> Annexe table 1.1 from: Department for Communities and Local Government, 2015. This data represents an estimate based on the Labour Force Survey.

<sup>3</sup> Department for Communities and Local Government (2009) Live Table 801: Household characteristics, tenure trend, from 1918, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11816/141491.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11816/141491.xls)

tenure grew by 220,000 households between 1990 and 2000.<sup>4</sup> Changes in the absolute size of the private rented sector from 1980 onwards are shown in Figure 3. It also highlights the speed of this change in the tenure mix of the English housing system. The recent growth of private renting represents one of the fastest changes in the tenure mix of the English housing system during the past hundred years (Pattison & Vine, 2010).

*Figure 3: Number of households in the private rented sector, England, 1980 onwards<sup>5</sup>*



Census data provides the most detailed assessment of tenure change during this period. Figure 4 highlights changes in the absolute and relative size of seven different tenure categories between the censuses in 2001 and 2011. The

<sup>4</sup> Authors calculations from annex table 1 of English Housing Survey (Department for Communities and Local Government, 2013b).

<sup>5</sup> Figure 1.1 from: Department for Communities and Local Government, 2015

private rented sector experienced rapid growth in its relative size, increasing from 9% of households in 2001 to 15% in 2011. Growth in private renting was due to an increase of 1,603,000 in the number of households renting from private landlord or letting agency. 'Other' types of private renting (such as tied housing or rent free) experienced a decrease in both their absolute and relative size. The proportion of owner occupiers decreased despite an increase in those who owned outright. Social housing experienced an overall decline in households due to a steep drop in those in local authority accommodation. However, there was growth in households renting from other providers such as housing associations.

*Figure 4: Tenure change in England, Households, 2001 to 2011<sup>6</sup>*

Tenure		2001		2011		Change	
		No.	%	No.	%	No.	Percentage point
Owned	Owned outright	5,970	29.2	6,746	30.6	776	1.4
	Owned with a mortgage or loan	7,951	38.9	7,229	32.8	-721	-6.1
Shared ownership		134	0.7	174	0.8	40	0.1
Social rented	Rented from council (local authority)	2,702	13.2	2,080	9.4	-623	-3.8
	Other	1,238	6.1	1,823	8.3	586	2.2
Private rented	Private landlord or letting agency	1,798	8.8	3,402	15.4	1,603	6.6
	Other (including living rent free)	657	3.2	609	2.7	-48	-0.5

<sup>6</sup> Authors calculations from Table KS18 of 2001 Census and Table KS402EW of the 2011 Census



This brief overview of the rapid growth of the private rented sector suggests that there has been a profound change in the tenure mix of the English housing system. The rapid growth of private renting follows a century of relative decline. This overview highlights some important questions which need to be addressed in order to investigate this trend in more detail. These are:

- What is the private rented sector? The census data highlights different definitions of the tenure.
- What are the most common explanations for the rapid growth of private renting in England? This growth has been popularised as ‘generation rent’. How did this term come into use and what does it mean?
- Why did private renting decline prior to the 1980s? Historic changes in tenure provide the context that is necessary to understand recent growth.
- Have other countries experienced similar changes in housing tenure? The data highlighted here relates only to England. Is the recent growth of private renting unique to this country or part of wider trends?

Chapter one will investigate each of these questions in turn and conclude by setting out the research question that I will seek to address in this thesis.

## **1.2 Defining the private rented sector**

The overview of changes in private renting in the last section highlights an important consideration: there is no definitive categorisation of tenure. This hints at some of the difficulties which can occur when working with the concept of

tenure. Seven specific difficulties with tenure conceptions and definitions are highlighted below. The first difficulty is in delineating the boundaries between tenures. For example, it has been argued that shared ownership can be described as a spectrum between traditional owner occupation and social housing depending on the exact nature of the product being offered (Wallace, 2012). However, in the light of the ruling on *Midland Heart vs Richardson* it may be more accurate to describe shared ownership as form of renting using “an assured tenancy (albeit for a long term i.e. 99 or 125 years) with an option to purchase” (Nearly Legal, 2013).

Heterogeneity within tenures provides a second difficulty for definitions. For example, it has been argued that “for policy purposes, we can no longer discuss home ownership as a single tenure - outright ownership and buying with a mortgage are two very different segments of the market meeting quite different needs at different stages in housing careers” (Whitehead, Williams, Tang, *et al.*, 2012, p.9). Rugg and Rhodes (2008) highlight different ‘niches’ that exist in the private rented sector which include diverse household types such as those on high incomes, students and asylum seekers. Given this heterogeneity it is not always clear whether tenures hold enough commonality to make them useful categories.

Spatial variation provides a third difficulty in definition so that “the same tenures in formal terms will vary in content in different countries” (Ruonavaara, 1993, p.3). For example, the private rented sector in England is characterised by limited security of tenure and free market rents. In contrast, private renters in Germany have relatively strong security of tenure and regulation of price

increases (Kemp & Kofner, 2010). There can also be considerable differences in housing tenure even within one national system. The regulatory framework for the private rented sector within the UK has diverged in different devolved administrations. For example in 2011, the Scottish Government introduced the Private Rented Housing (Scotland) Act which introduced measures such as registration of landlords and tenant information packs. Tenure definition faces a fourth difficulty in finding agreed labels for each category. Kemeny has argued that “it is the mark of the deeply emotive nature of housing tenure that there are no satisfactory expressions in English which are precise and unambiguous” (1981, p.xiv). For example, designations of ‘social housing’, ‘public housing’ or ‘council housing’ have different practical and ideological connotations (Malpass, 2005). The meaning of these terms is not fixed but can change over time.

A fifth difficulty comes from the use of housing tenure as an analytical tool. Ball (1986) has suggested that conceptions of tenure tend to focus on the consumption of housing at the expense of other important aspects, particularly provision. In addition, Barlow and Duncan (1988) argue that housing tenure is often misused in research. It has been extended beyond its original “specialised, legal use” and is now taken to “refer to a whole range of financial, social, political and economic relations surrounding housing” (1988, p.220). Incorporating the full spectrum of housing situations creates a sixth difficulty with tenure. Categorisations of housing tenure have difficulty incorporating those at the margins of the housing system, particularly those who are homeless. For example, Cowan (1999) argues that squatting should be considered to be a distinct tenure. A final difficulty in analysing housing tenure

comes from changes that occur over time and this will be explored further in the next section.

Given these difficulties with tenure, it might be argued that the concept should be abandoned altogether. However, Stephens (2011) suggests that definitions of housing tenure can act as a crucial component in comparative housing analysis. "The key to the use of housing tenure... lies in Pickvance's notion of 'conceptual equivalence' by which comparative analysis does not require objects to be identical but only 'commensurable'" (2011, p.346). This reassessment of housing tenure forms part of Stephen's 'system-embedded' approach to comparative housing analysis. Housing policy must be placed within the context of housing as a system. The housing system must then be understood within the broader context of wider economic and social systems. A 'system embedded' approach begins to rehabilitate the concept of tenure and can be developed further with a definition from Kemp which proposes that:

"housing tenures are not fixed or immutable sets of social relations around the ownership, occupation and pricing of accommodation. They represent institutional arrangements that to some extent are historically and socially specific, which vary (albeit within limits) over time and space" (2010, p.122).

This highlights two additional features of tenure: the dynamic nature of tenure and the possibility that there are limits to these categories.

The type/form approach to comparative analysis of housing tenure by Ruonavaara (1993) helps to clarify what these limits might be. He argues that

housing tenures have both necessary and contingent properties. Necessary properties are those that are required for the tenure to exist. The existence of a landlord and tenant might be considered a necessary property of private renting. Contingent properties are those which are linked to housing tenure but are not so foundational that if they changed over space or time it would lead to the end of the tenure as a distinct category. Ruonavaara proposed that housing tenure should be analysed on two distinct levels: “general ideal types and that of historically and geographically specific actual forms” (1993, p.4). General ideal types are based on the necessary properties of housing tenure. Actual forms of housing tenure are temporally and spatially specific examples of the general ideal types. Ruonavaara suggests that two ideal types of tenure emerge from this model: ownership and renting. This distinction is based on the difference between ownership of property and possession.

In this research, I sought to draw on the definitions provided by Stephens, Kemp and Ruonavaara in order to try and avoid the difficulties associated with investigating housing tenure. For example, I have sought to carefully consider heterogeneity within the private rented sector. This approach led to my working definition of private renting as a dynamic tenure form which is situated within the housing system. Wherever possible I have sought to investigate the tenure form of private renting as defined in the 2011 Census as “accommodation that is rented from a private landlord or letting agency” (Office for National Statistics, 2014, p.50). It also led to my decision to focus on England in order to avoid confusion between the different forms of private renting that exist across the UK. The dynamic nature of the private rented sector is highlighted by analysis of

historic changes in the tenure in section 1.4. These difficulties with tenure categorisation suggest that current definitions of the private rented are not neutral descriptions of a social phenomenon. Instead they are likely to have ‘ideological connotations’ and these are explored in the next section.

## **1.3 The origins of ‘generation rent’ and the ‘priced out’ thesis**

### **1.3.1 ‘Generation rent’ in the media**

The term ‘generation rent’ appears to be particularly prevalent in discussion of tenure changes in the UK housing system. This section will discuss the use of ‘generation rent’ by a range of actors including the media, campaigners and political actors. ‘Generation rent’ appears to originate in the UK around the time of the onset of the Global Financial Crisis in 2008. Tenure changes were only slowly recognised and it was not until around this time that they seeped into popular awareness. One of the key moments in the popularisation of the term was a publication of a report titled ‘generation rent’ in 2011 which received widespread publicity in the media. This report was commissioned by the Halifax Bank and highlighted the findings of research by the National Centre for Social Research into the perceptions of first-time buyers (Blackwell & Park, 2011).

The findings of this ‘generation rent’ report argued that around two-thirds of non-homeowners could be described using this label. ‘Generation rent’ provided a shorthand to describe:

“a generation with no realistic prospect of owning their own home in the next five years and who lack the long-term saving mentality that most

need if they are to get on the housing ladder. In short, they either cannot get on the property ladder (40% of non-homeowners) or they do not wish to own their own home (23% of non-homeowners)” (Blackwell and Park, 2011, p.2).

The report focused on the difficulties that younger households faced in accessing the mortgage market, particularly in relation to saving enough money for a deposit. It argued that “the rising cost of properties and the credit crunch appears to have taken us to a fork in the road and if attitudes of young people remain the same, the shape of Britain’s housing market will be fundamentally changed” (Blackwell and Park, 2011, p.2). The findings of the report were interpreted by the authors using an interesting choice of language. They suggested that one of the key reasons for this trend was the “lack of a long-term saving mentality” (ibid). A follow up report in 2014 argued that “saving for a deposit remains one of, if not the, most significant barriers to homeownership for first-time buyers” (Halifax, 2014, p.5). The term ‘generation rent’ appears to have come in to common usage as a shorthand to describe the growth of private renting. Whilst ‘generation rent’ may have originally been popularised by a mortgage provider the term was also taken on by other actors including media sources, campaigners and political actors.

A diverse range of media sources have utilised the generation rent narrative. A typical headline from 2014 highlights the “rise of Generation Rent as home ownership hits 25-year low” (Swinford, 2014). This article in ‘The Telegraph’ noted that “home ownership has fallen to its lowest level for a quarter of a century as soaring property prices have seen the number of people renting

almost double” (Swinford, 2014). Similar articles can be found in media sources from across the political spectrum. In 2012, ‘The Observer’ ran a headline stating “Generation Rent: Why millions are locked out of owning homes” (Rock, 2012). The cause of this phenomenon was attributed to “soaring house prices and a mortgage famine” (Rock, 2012). The front page of the i newspaper from 3<sup>rd</sup> October 2014 led with a headline: “Generation Rent: Half a million people blocked from the property ladder since the Government launched Help-to-buy” (Brown, 2014). The headline argued that attempts by the Coalition Government to assist first-time buyers were failing due to rapid growth in house prices.

These types of media articles were usually linked to the work of different campaign groups. The story in the i newspaper was supported by statistics from ‘Priced Out’, a campaign group which described itself as a voice for people who are “angry at the high cost of housing” and seeks “affordable house prices” (Priced Out, n.d.). The article in The Observer was based on a report by the think tank IPPR which argued that there was a link between affordability for first time buyers and the growth of private renting. They suggested that “as affordability in an area decreases, the proportion of private rented accommodation increases” (Pennington, Ben-Galin & Cooke, 2012, p.13). In 2013, a separate campaign group for private tenants – the National Private Tenants Organisation – rebranded itself as Generation Rent (National Private Tenant Organisation, 2013).

Both media sources and a range of campaigners commonly adopted the same basic description of the growth of private rented sector as ‘generation rent’. For example, the National Housing Federation has suggested that “with house



prices continuing to soar out of reach, and typical deposits for first time buyers hitting £30,000, younger generations are seeing their dream of home-ownership replaced with a life of renting” (National Housing Federation, 2015). In its simplest form this thesis suggests that owner occupation was declining due to younger households being ‘priced out’ by high house prices and difficulties accessing mortgages. These households were forced to remain in the private rented sector. This narrative tends to suggest that the decline of owner occupation and the growth of private renting in England are closely interrelated. ‘Generation rent’ provides a description of an important new housing problem and the ‘priced out’ thesis provides an explanation of the primary cause of this problem.

### **1.3.2 ‘Generation rent’ as a social problem**

There is already some evidence that ‘generation rent’ accounts move beyond a neutral description of a change in society. Instead, it appears that ‘generation rent’ accounts may be actively constructing tenure change as a housing problem. Understanding ‘generation rent’ in this way builds on the work of Kemeny who placed a particular emphasis on understanding the way that ‘housing problems’ are constructed. He suggests that “we need to begin to understand the ways in which ‘housing problems’ are defined by interest groups and policy makers” (1992, p.30). This construction is important because “housing policy is a site of contestation in which competing interest groups seek to impose their definitions of what the main ‘housing problems’ are and how they should be addressed” (Jacobs, Kemeny & Manzi, 2003, p.442). If ‘generation rent’ represents a housing problem then a “convincing narrative

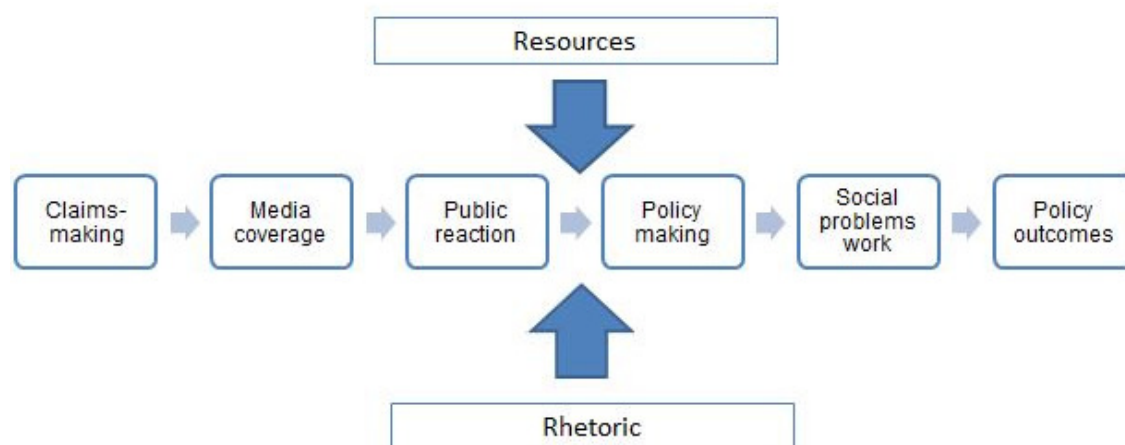
needs to be deployed to tell a plausible story of a social problem” (Jacobs, Kemeny & Manzi, 2003, p.430). The ‘priced out’ thesis could be acting to support the construction of ‘generation rent’ by providing a plausible account of the causes of this housing problem.

Kemeny builds on a long history of discussion about the discussion of social problems which explores the extent to which these problems can be defined objectively or subjectively. This tends to focus on the distinction between personal troubles and public issues (e.g. Wright Mills, 1959; Clarke, 2001). The importance of understanding the construction of social problems is developed further by Bourdieu. He argues that “each society, at each moment, elaborates a body of social problems taken to be legitimate” (Bourdieu, 1994, p.236). However, the process of investigating these social problems is fraught with difficulty. This is because “the sociologist is thus saddled with the task of knowing an object – the social world – of which he is the product” (Bourdieu, 1992, p.235). In response, Bourdieu argues that “to avoid becoming the object of the problems that you take as your object, you must retrace the history of the emergence of these problems” (Bourdieu, 1992, p.238). This suggests that it is important to understand the emergence of the discussion of ‘generation rent’. A useful tool to assess the development of ‘generation rent’ is the model of a ‘natural history of a social problem’ as described by Best (2008).

The model outlined by Best proposes that there are important similarities in the emergence of social problems. He suggests that this can be described as a ‘natural history’ because there is “a sequence of stages that tend to appear in

lots of different cases” (2008, p.17). Six stages are identified by Best and these are outlined in Figure 5.

*Figure 5: The natural history of a social problem<sup>7</sup>*



In the first stage, claimsmakers seek to ensure that a particular issue is recognized as a social problem which needs to be solved. The problem is described as having specific characteristics, causes and consequences. Media coverage acts as the second stage of the process. These claims about a social problem are brought to wider popular attention by media coverage of claimsmakers. The way that the public responds to the portrayal of these claims in the media forms the third stage. If there is a strong public reaction to the claims then it is likely to lead to the fourth stage: policymaking. At this stage “policymakers respond to claimsmakers, media coverage and public opinion” (Best, 2008, p.21) by creating policies that are intended to address the problem. In stage five, these policies are implemented and this constitutes ‘social problems work’. Prior to stage five the problems are often discussed in “fairly abstract, theoretical terms” but now there is a need to “deal with particular

<sup>7</sup> Adapted from page 24 of Best, 2008

cases and address a messy real world” (Best, 2008, p.22). The final stage is ‘policy outcomes’ which encompasses different responses to the new interventions. Best suggests that discussion of outcomes often leads to “new claims, and the social problems process begins anew” (2008, p.23).

This process of the development of social problems is shaped by several wider factors. The level of resources available to each actor determines their ability to shape the definition of social problems according to their own needs or beliefs. In addition, rhetoric can be used to reshape definitions and understandings of the social problem. This is an ongoing process where the social problem is constantly reshaped according to the interests of different actors. In this model, the state plays a pivotal role in the construction of social problems (see also Bourdieu, 1994). The state can arbitrate between competing descriptions of a social problem and then act to respond. Description of the characteristics, causes and consequences of a social problem tends to determine which types of policy responses should be implemented. This process can be examined in relation to the development of ‘generation rent’.

In the previous section I noted the development of ‘generation rent’ as a description for the rapid growth of private renting. Both claimsmakers (such as The Halifax Bank) and a range of media outlets have supported the construction of ‘generation rent’ as a social problem. This gives an indication of the way that claimsmakers have successfully created media interest and that this has been translated into public recognition of this ‘problem’. The Coalition government were in power from 2010 to 2015 as this ‘problem’ emerged. Their response to it highlights the process of policy making, social problems work and policy

outcomes. They provided a slightly different account of tenure change as a social problem with specific characteristics, causes and consequences. This conception of the problem supported particular policy 'solutions'. For the Coalition government, the problem was that people were "locked out of home ownership" (HM Government, 2011, p.v). Policy interventions were designed to address this problem. Between 2010 and 2015 there was a reduction in expenditure across most areas of housing. The exceptions tended to be schemes to support housebuilding and access to owner occupation (Tunstall, 2015). These included increased discounts to support the right-to-buy and development of 'help-to-buy' which provided mortgage guarantees and equity loans.

In contrast, the Labour Party conceived of the problem slightly differently. Ed Miliband argued that:

"generation rent is a generation that has been ignored for too long" and that "one of the biggest causes of the cost of living crisis in our country is the price of renting or buying a home. People simply can't afford it, they're priced out, saving for a deposit year after year" (The Labour Party, 2014).

This led them to propose changes to the private rented sector to make it more "affordable and stable, providing the predictability and security they need to plan ahead" (The Labour Party, 2013, p.2). It appears that different political actors had different conceptions of 'generation rent' as a social problem and emphasise different types of policy solutions. However, the different accounts

overlapped in several important areas. Most notably, both accounts emphasised the problem of younger households who could not access owner occupation.

There is evidence that the development of the 'generation rent' narrative represents the "process of raising subjective concerns" about a "social problem" (Best, 2008, p.27). It provides an example of the "manner in which definitions of housing problems are sustained or changed" (Kemeny, 1992, p.32). Since the onset of the Global Financial Crisis, a range of different actors within the housing system have described the growth of private renting as problematic. Therefore it is possible to describe 'generation rent' as a widely agreed social problem which has particular characteristics, causes and consequences. In this account, the 'problem' with tenure change tends to be characterised as 'generation rent'. Younger households are unable to access owner occupation and have increasingly turned to the private rented sector. It appears that the 'generation rent' account is not just a neutral description of tenure change. This suggests that the 'generation rent' account requires further investigation. Does 'generation rent' represent the experiences and interests of particular groups or actors? The first step in this process is to interrogate the definitions of tenure. What do we mean when we refer to the 'private rented sector'?

## **1.4 The decline of private renting prior to the 1980s**

### **1.4.1 Private renting before 1945**

In order to understand the recent growth of private renting it is necessary to place this recent change in its historic context. This is partly due to important

continuities which exist in housing circumstances and policies. As Mullins and Murie note, “the high cost, durability, fixed location and long life of housing stock usually make adjustment a very gradual process” (2006, p.3). The physical stock of housing has only changed slowly in England. In 2010 it was estimated that 79% of dwellings in England had been built before 1980 and 22% before 1919 (Department for Communities and Local Government, 2012). The fixed nature of stock is one example of the ways that the historic context can have an enduring impact on the current housing system. In addition, it is not possible to focus exclusively on private renting as “housing tenures are relational in the sense that how one is perceived will be influenced by how others are seen” (Kemp, 2010, p.122). Therefore, some discussion of relevant wider trends within the housing system is also necessary in order to understand the decline of private renting prior to the 1980s.

Private renting was the housing tenure for the vast majority of households in 1918 and incorporated a wide range of housing circumstances. With the Industrial Revolution and rapid urbanisation, workers moving into cities commonly became private renters. Low income households moved into this tenure due to the prohibitive cost of outright purchase, limited mortgage finance and insecure employment. Owner occupation was “simply out of the question” for most households (Kemp, 2004, p.8). The majority of households with higher incomes also rented their homes and “for the well-off, home ownership was not regarded as socially necessary” (Kemp, 2004, p.8). Private renting’s long decline from its position of pre-eminence began around the time of the First World War.

It has been argued that “the First World War created major trauma to society and was a turning point in the history of housing” (Lowe, 2011, p.53). Pressures on the supply of accommodation for low income workers were increasing before the onset of the war due to a slump in housebuilding between 1903 and 1914 (Kemp, 2004; Donnison & Ungerson, 1982). By the end of the war, housing shortages were a major concern as the lack of labour and materials fed in to growing political fears over working class support for Bolshevism. During the election campaign of 1918 David Lloyd George famously promised that returning soldiers would have ‘homes fit for heroes’. His government “committed themselves... to one of the great national objectives of the century: getting working class people into houses of a standard hitherto only attained by the middle classes” (Donnison & Ungerson, 1982, p.287). This turbulent period crystallised a number of drivers for the subsequent decline of private renting including rent controls, a massive house building programme, slum clearance and the rise of both owner occupation and council housing.

Rent controls emerged during war time following the Glasgow rent strikes of 1915. Workers protested against what they perceived to be profiteering by landlords. The circumstances of the war led to the “culmination of a long period of activity” (Mullins & Murie, 2006. p.114) by tenants working together to improve their position. Rent control is highlighted by King (2009) as the key reason for the subsequent decline of private renting. He argues that rent control led to cheaper housing for private renters. This increased demand for private renting but also limited supply and encouraged disinvestment by landlords. Remaining landlords had no incentive to maintain their properties and informal



markets developed to avoid the restrictions (King, 2009). House prices increased rapidly after the war but properties could only be sold if there were no tenants. "A gap opened up for the first time between vacant possession and sitting tenant prices in the housing market" (Kemp, 2004, p.24) encouraging landlords to sell their properties rather than re-letting them.

Both owner occupation and social housing experienced considerable growth and emerged as serious alternatives to private renting. A massive programme of housebuilding included both private provision and the first large scale public provision of housing. The housebuilding boom led to some additional private rented accommodation for middle income households but little new provision for low income households (Kemp, 2004). Rent control had made housing more affordable for low income households but it had also reduced the economic incentives to invest in new supply (Hughes & Lowe, 2002). The modest increase in private rented accommodation was offset by around 1.1 million sales to sitting tenants and the loss of 300,000 properties through slum clearance (ibid). In contrast, there was a sustained programme of housebuilding by local authorities who received generous subsidies to support this development. These subsidies were directed through local authorities due to public support for municipal housing, negative perceptions of private landlords and lack of capacity amongst non-profit providers such as public utility companies (Kemp, 2004).

At the same time, there was a rapid expansion of owner occupation. New housing was delivered by private developers based on "lax planning laws, cheap land, vigorously aggressive building societies and speculative house

builders working to simple repetitive house designs” (Marr, 2009, p.248). The focus of this housebuilding boom was on suburban development aimed at middle class professionals “who suddenly found themselves able to borrow money for mortgages with which to buy quite cheap houses” (Marr, 2009, p.249). This housebuilding boom and attempts at slum clearance had failed to address the housing conditions of the majority of low income households (ibid). Prior to the outbreak of the Second World War, George Orwell was railing against Britain as “a crowded, dirty little country” (Orwell, 1937, p.15) stating that:

“This is... what industrialism has done for us... This is where it all led – to the labyrinthine slums and dark back kitchens with sickly, ageing people creeping round and round them like black beetles” (Orwell, 1937, p.14).

#### **1.4.2 From 1945 to the 1979: Beveridge to Thatcher**

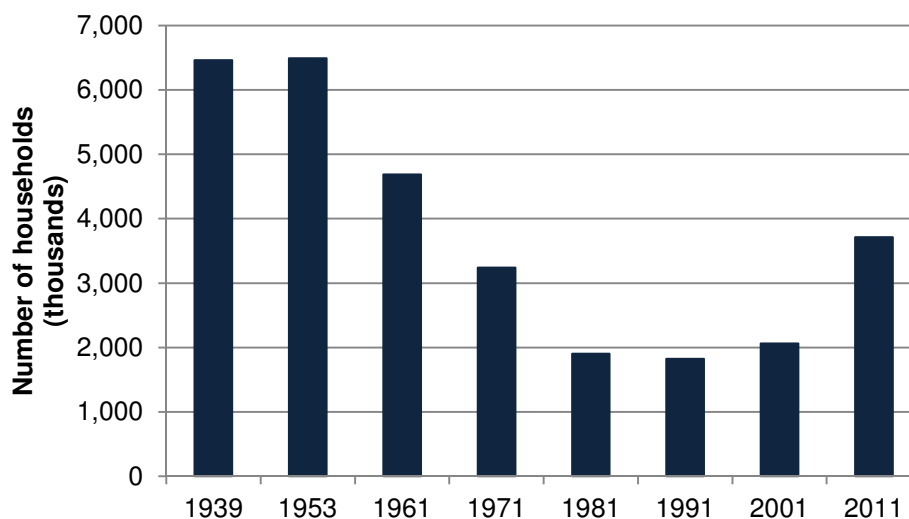
Housing was once again a major political issue after the end of the Second World War in 1945. The key areas for immediate post-war housing policy were the development of the welfare state and dealing with severe housing shortages. Developing the blueprint for the welfare state, Beveridge identified squalor as one of the five great social evils and argued that:

“the greatest opportunity open in this country for raising the general standard of living lies in better housing” (1944, p.257).

However, Beveridge struggled with ‘the problem of rents’ (1942) and decided not to incorporate housing costs into the system of social insurance. He proposed a flat-rate allowance but the post-war Labour government decided on

meeting actual housing costs instead. The argument over “how housing costs should be handled was to remain a permanent thorn in the flesh of the welfare state” (Timmins, 2001, p.53). The second major focus was on housebuilding with a huge effort to replace stock lost during the war and to accommodate the post-war baby boom. This was delivered “principally through promoting home ownership but also via subsidised council housing which was more easily planned and controlled than the private rented sector” (Hughes & Lowe, 2002, p.3).

*Figure 6: Number of households in the private rented sector, England, selected years<sup>8</sup>*



Support for growth in owner occupation and council housing coincided with a decline in the absolute size of the private rented sector (see Figure 6). The first driver for the decline of the tenure was the sale of private rented dwellings into owner occupation. It has been estimated that there were 2.6 million sales to

<sup>8</sup> 1918 to 2001 taken from: Department for Communities and Local Government (2009) Live Table 801: Household characteristics, tenure trend, from 1918, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11816/141491.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11816/141491.xls) 2011 data taken from: Office for National Statistics (2012) 2011 Census: Tenure, local authorities in England and Wales, Table KS402EW, [www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-for-local-authorities-in-england-and-wales/rft-table-ks402ew.xls](http://www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-for-local-authorities-in-england-and-wales/rft-table-ks402ew.xls)

owner occupiers and that around half of these were to sitting tenants (Kemp, 2004). Kemp argued that “if private landlords had not been so keen to disinvest, the growth of owner occupation would have been much slower and would have relied relatively more upon new construction” (2004, p.33). Slum clearance also contributed to the decline in the absolute number of privately rented dwellings. It has been estimated that 80% of all stock removed in slum clearance was privately rented (ibid). Slum clearance accounted for the loss of around 1.2 million privately rented properties by 1974. A final, much smaller, cause of the loss of stock was direct sales to local authorities either to increase ‘municipalisation’ or to tackle housing conditions (ibid).

The post-war decline of private renting was not a simple process. Instead:

“the process of decline has been neither uniform nor random, but rather one of structured unevenness, depending upon the interaction of a particular set of national changes and local circumstances within different areas at one point of time” (Allen & McDowell, 1989, p.13)

Not all sub-markets within private renting declined at the same rate. A number of these sub-markets continued to grow at particular times. Between 1961 and 1971 there was an absolute increase in furnished accommodation designed to provide short term accommodation for professionals at the higher end of the market and students at the lower end (Allen & McDowell, 1989). Another area of growth within the tenure came from communities that had moved to the UK from the Commonwealth. Most of these migrants moved into the private rented sector, at least initially after arriving in the UK, as they struggled to access either owner occupation or council housing (Rex & Moore, 1967).

By the early 1980s, the private rented sector had been transformed from its position of dominance in 1918. It was now playing a marginal role in the housing system compared to owner occupation and social housing. Kleinman and Whitehead (1985) identified three sub-sectors within private renting at this time. The first was the furnished sector which catered for young and mobile households seeking to benefit from the flexibility of the tenure. Households whose accommodation was tied to their employment formed the second group and included agricultural workers and members of the armed forces. Finally, there was a group of households, who had remained in the sector for many years and retained security of tenure and protected rents.

The decline of the private rented sector was not a simple process. The nature of private renting changed dramatically between 1945 and 1979. There was rapid decline in the types of private renting which were common before the Second World War and the development of new types of private renting. The decline was not purely the unintended outcome of rent control. It was also the result of policy interventions designed to address profound housing problems. The state was “deeply implicated in the decline of private renting” (Kemp, 2004, p.35).

Other drivers for the decline of renting included the stigmatisation of landlords, major demographic changes and shifts in societal attitudes towards tenure, particularly in support of owner occupation (ibid). Kemp emphasises the role of housing finance as a “nexus of factors” because it incorporates “the ways in which housing has been taxed, subsidised and priced – and, therefore, the way that the state has intervened in housing provision” (2004, p.35). In summary,

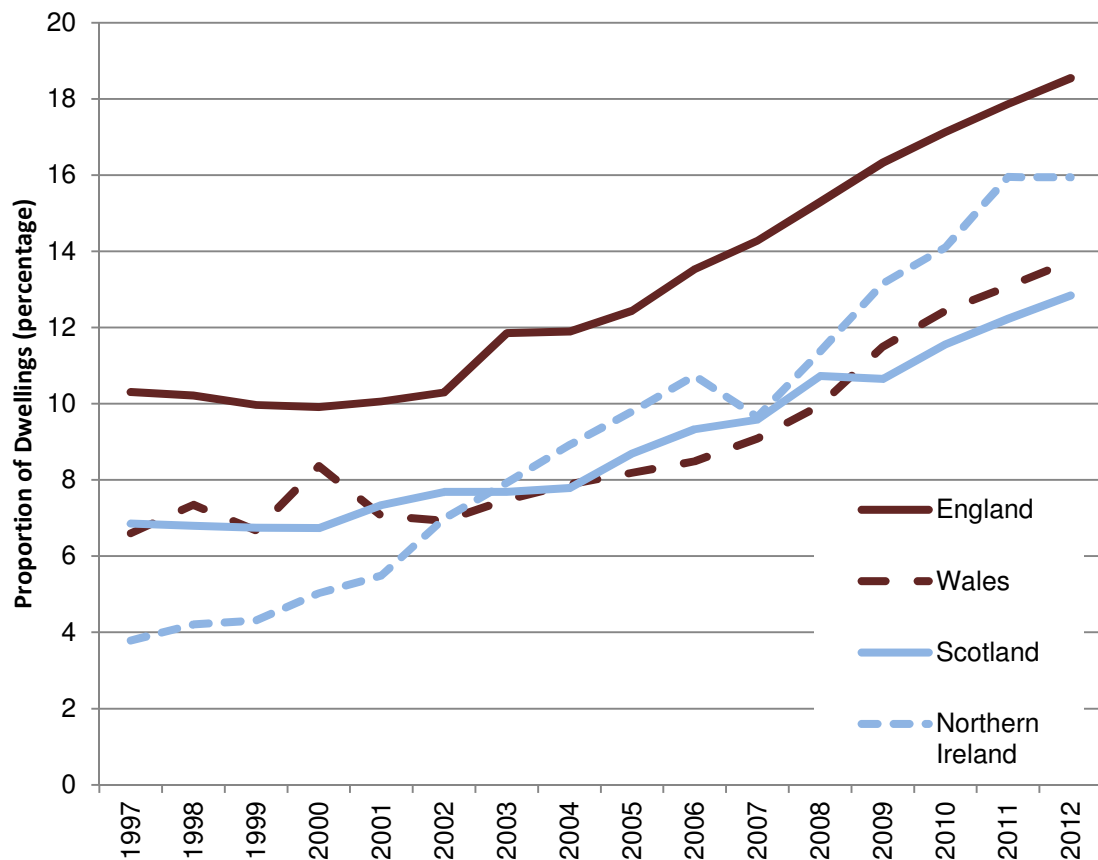
this leads to a nuanced account of the spatially differentiated roles of a range of drivers in the decline of private renting.

## **1.5 Tenure change in other national housing systems**

It is clear that the English housing system has experienced profound changes in its tenure structure. The recent growth in private renting highlights two important questions. Have other countries experienced similar changes in housing tenure? Is the recent growth of private renting unique to this country or part of wider, global trends? This section starts by considering tenure changes in the rest of the UK before moving on to assess other national housing systems.

There are important differences in the tenure mix of the devolved nations within the UK. For example, in 1981, owner occupation accounted for 35% of dwellings in Scotland compared to 59% of dwellings in England (Pattison & Vine, 2010). Historically, social housing played a greater role in the Scottish housing system than its southern counterpart in England. Figure 7 highlights growth in the relative size of the private rented sector across the nations of the UK. The tenure grew most rapidly in Northern Ireland from just 4% of dwellings in 1997 to 16% in 2012. Scotland and Wales experienced similar levels of growth with private renting accounting for 13% of dwellings and 14% of dwellings respectively in 2012. The private rented sector in England was the largest of the four nations throughout this period (1997 to 2012) and experienced similar growth in the proportion of dwellings in this tenure.

Figure 7: Proportion of dwellings in the private rented sector, 1997 to 2012<sup>9</sup>



Analysis of private renting across a range of developed countries suggested that this tenure was comparatively small in England (Oxley, Lishman, Brown, et al., 2010). Private renting tended to attract a diverse range of tenants across the different countries but was particularly important to younger, mobile demographics. This research also highlighted possible reasons to explain why some national housing systems had larger private rented sectors. These included the attractiveness of private rental accommodation as an investment opportunity, quality of accommodation and security of tenure. It also found that the private rented sector declined “in many countries from 1945 until the 1980s (often accompanied by large increases in home ownership) and then either

<sup>9</sup> Taken from table 17 of Wilcox & Perry, 2014

stabilised or grew as a proportion of the stock” (Oxley, Lishman, Brown, *et al.*, 2010, p.19). Recent analysis by Crook and Kemp (2014) provides a more detailed analysis of changes in the private rented sector across eight developed countries. They highlight the growth in private renting in liberal market economies such as England, Australia and the United States. This tenure has also grown in Norway and Spain. A number of common trends are identified but a particular emphasis is placed on the role of the Global Financial Crisis.

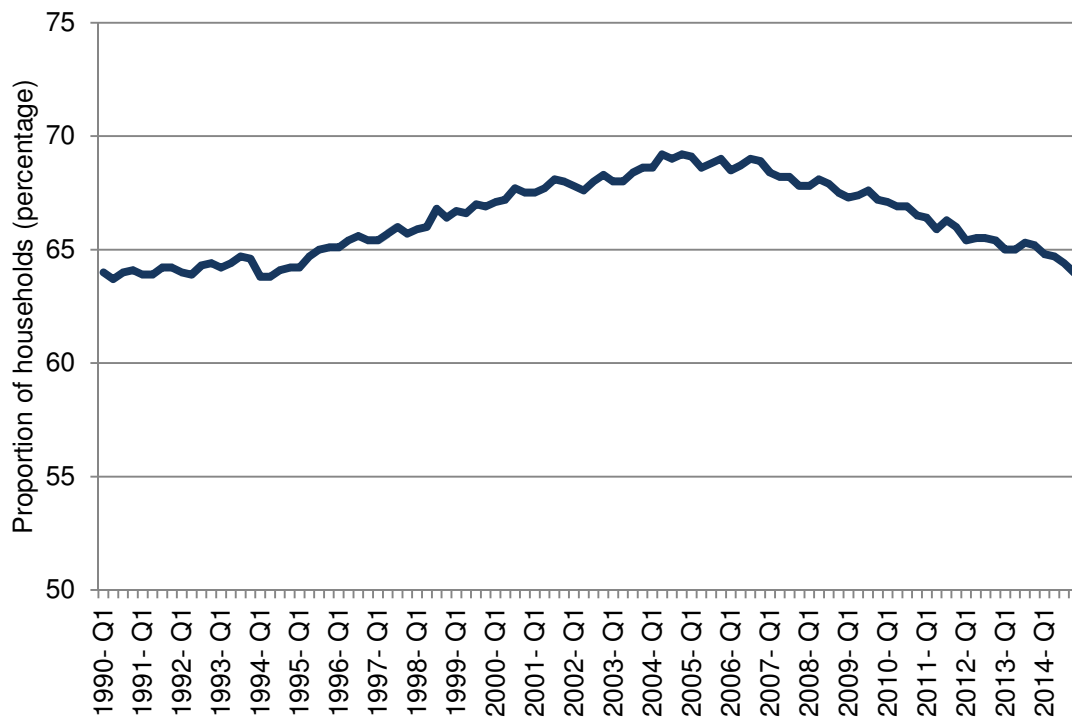
The most common tenure change in many housing systems has been the rapid growth of owner occupation. This change was evident in a wide range of housing systems and Ronald notes that “post-war growth of home ownership has also been exceptional in countries like Japan, Australia, Spain, Singapore and Norway” (2008, p.1). Across Eastern Europe “the defining feature of post-socialist housing has been mass-privatisation to create super-homeownership societies” (Stephens *et al.*, 2015, p.1). Rapid marketization of housing has been one of the defining changes within the Chinese housing system since the 1980s (Ye *et al.*, 2010). Ronald and Elsinga (2012) suggest that this part of a trend which has seen governments increasingly choosing to support home ownership whilst reassessing the role of social rental sectors. House price booms were experienced in a wide variety of countries in the early years of the 21<sup>st</sup> century. This was linked to greater integration between housing markets and the global economy.

Owner occupation rates have not been increasing in all national housing systems. A study of 15 European countries found diminishing access to owner occupation amongst 18 to 34 year olds (Lennartz *et al.*, 2015). This decline in



owner occupation was associated with adverse labour market conditions but “it seems to be primarily the volatility of more financialised housing markets that lead to increasing difficulties for younger people to realise housing property ownership” (ibid, p.1). Norris and Coates have noted that “between 2002 and 2006 owner occupation declined (from 79.7 to 77.2% of households) for the first time in the history of the Irish State. The growth in new mortgages granted during the mid-2000s is the result of a marked rise in lending to private residential landlords” (Norris & Coates, 2013, p.306). This decline in owner occupation is mirrored by changes in housing tenure within several English speaking countries including the United States, Australia and New Zealand (Thorns, 2012). The decline in owner occupation rates in United States is highlighted in Figure 8. Owner occupation rates in the United States peaked at 69% in the second quarter of 2004. This had declined 64% of households by the fourth quarter of 2014. The peak in owner occupation rates in the United States occurred at a similar time to those in other housing systems including England and the Republic of Ireland. It is also notable that the magnitude of the decline in owner occupation rates was similar in these countries.

Figure 8: Owner occupation rate, United States, 1990 to 2014<sup>10</sup>



These declines began to occur around 2004, before the sub-prime lending crisis in the United States in 2007 or the onset of the Global Financial Crisis in 2008 (Shiller, 2008). The impact of the Global Financial Crisis was not felt evenly across these English speaking countries. It has been argued that the initial impact of the crisis had less of an effect on the Australian housing system (Burke & Hulse, 2010). Taken together, it appears that there are important similarities and differences in tenure change between England and other English speaking countries. This means that “a key feature of both the boom and the bust, not just in Britain but also in the Anglo-Saxon liberal nations more generally, has been a fall in the relative share of households owning their home and growth in private renting” (Kemp, 2015, p.2). More generally, Ronald and

<sup>10</sup> Taken from: US Census Bureau (2015) Table 14. Homeownership Rates for the US and Regions: 1965 to Present, <http://www.census.gov/housing/hvs/data/histtab14.xls>

Elsinga argue that “although global economic forces were relatively similar before and during the credit crisis, the arrangements of housing systems went along different pathways in each society” (2012, p.23).

There are also similarities in the language used to describe these tenure changes. In particular, the phrase ‘generation rent’ became a popular shorthand to describe tenure changes in several countries. ‘Generation rent’ has been widely used in English speaking countries such as Australia, Ireland and the United States. For example, in 2013 the Sydney Morning Herald stated that the “housing crisis locks out Generation Rent” (Sheehan, 2013). The Irish Independent has noted that “‘Generation rent’: Home ownership here falls fastest in Europe” (O Donovan, 2015). In the United States, the New York Times has argued that “the arrested development of Generation Rent is an economic imposition, not a choice” (Shepherdson, 2014).

A number of South East Asian countries form an interesting comparison with tenure change in English speaking countries. In 1989, the bursting of a major ‘asset-price bubble’ was at the heart of the financial crisis experienced by Japan. This affected owner occupation in three key ways. The first was that “the impact of the recent recession on the home ownership sector in Japan has been considerable but not monolithic” (Forrest, Kennett & Izuhara, 2003, p.291). Some households, particularly owners of older properties, experienced severe difficulties as a result of major decreases in asset prices. However, these falls in asset prices opened up home ownership to other households. Secondly, “housing trajectories... are no longer as predictable as they once were... [and] the structures that facilitated progression up the housing ladder are no longer in

place” (Forrest, Kennett & Izuhara, 2003, p.291). This led to increased diversity in the housing pathways experienced by different households. The final impact was that the increased pressure on Japanese welfare systems, particularly in supporting older people. In Japan there have been important interconnections between financial crisis and tenure changes.

Examining the tenure changes in a range of national housing systems helps to place the growth of private renting in England into a broader context. What emerges is an interesting mixture of commonalities and differences. Many national housing systems have undergone profound changes in tenure during the last thirty years. Recent tenure changes in English speaking countries appear to be particularly relevant to the growth of private renting in England. The same term – ‘generation rent’ – has started to appear in these countries. Comparative analysis of tenure change across national housing systems has highlighted common factors such as the Global Financial Crisis. This kind of comparative analysis can be developed by detailed analysis of tenure change within different national system (Stephens, 2011a). Section 1.4 highlighted a range of descriptions of the decline of private renting in England. These provide a nuanced account of a range of drivers acting at different times across different spatial scales. At present there are a limited number of academic accounts of the subsequent rapid growth of the private rented sector in England. There is still a need to ask: Why has the private rented sector in England grown rapidly for the first time in a century?

## **1.6 Overall research question and thesis structure**

In this thesis I conduct a detailed investigation into the rapid growth of private renting in England. This chapter has already highlighted some of the key features of the growth in the private rented sector. The context for this rapid growth in private renting is set by analysis of tenure definitions, historic change and global trends. All three of these areas suggest that the growth of private renting in England is likely to be a complex process associated with a range of different drivers. This leads to the overall research question:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?

My overall research question builds on the context set out in this chapter to investigate a particular type of tenure change in one specific setting. It recognises that tenure is not fixed but has changed over time and across different national housing systems. This understanding forms the basis for detailed examination of a notable change in the tenure structure within England – the rapid growth of private renting.

In chapter two I will investigate the current understanding of the drivers for the growth of private renting in England. This begins with the popular understanding of ‘generation rent’ which emphasises the ‘priced out’ thesis. The limitations of this account are highlighted using a range of academic analysis. It is clear that the ‘priced out’ thesis offers, at best, a partial account of the growth of private renting. However, the current academic literature does not provide a comprehensive alternative account which can match the nuanced, detailed

descriptions of the decline of private renting. In particular, I highlight a number of gaps in the literature which this thesis seeks to address. They are the interaction between different drivers, the diversity within private renting and the role of political drivers. These gaps form the basis for more detailed research questions.

A range of theoretical explanations for tenure change are assessed in chapter three. These different explanations each have both strengths and weaknesses. Some of the strongest explanations for tenure change come from discussion of the earlier decline of private renting, particularly Allen and McDowell's realist approach. This leads on to the analytical framework which guides this approach and is developed from critical realism. Chapter four outlines the research design that I use to investigate the research questions. It highlights a mixed methods approach which utilises secondary data analysis in order to maximise the scope of the research. More detailed considerations which are specific to the different methodologies are discussed at the start of chapters five, six and seven. In chapter five I will investigate the interaction between a range of economic and social variables at a local authority level using multivariate analysis. This will highlight the "interaction of a particular set of national changes and local circumstances within different areas at one point of time" (Allen & McDowell, 1989, p.13). This will lead on to consideration of the diversity within the private renting in chapter six. Geodemographic analysis is used to assess the niches which are operating within the private rented sector in Birmingham and their differential growth. Chapter seven will assess a range of political drivers and their interaction with the growth of private renting at both a national and local

level. Political Discourse Analysis will be used as a framework to guide investigation of secondary data sources. The findings from these three chapters are drawn together in chapter eight. This provides an updated account of the factors account for the rapid growth of private renting in England. Finally, chapter nine considers the wider implications of the findings. It discusses the limitations of the research and future directions.

## **1.7 Summary of chapter one**

The rapid growth of private renting represents a historic change in the tenure mix of the English housing system. 'Generation rent' provides the most common description of the rapid growth of private renting in England and the main cause is often summarised in the 'priced out' thesis. It is a description that has been widely used by a range of media sources, different campaigners and some political actors. However, this is not a neutral description of a social change but represents the construction of a housing problem. In order to investigate the rapid growth of the private rented sector we need to understand the context in which it occurred. Tenure definitions are important, but contested, concepts and I have identified a working definition of private renting as a tenure form. The earlier decline of private renting was not uniform but led to major changes in the composition of the tenure. It was the result of a range of drivers combining with spatially differentiated impacts at different times. A range of other countries have also experienced major changes in tenure composition in recent decades. In particular, English speaking countries such as Australia, Ireland and the United States have experienced declines in owner occupation which are often

described using the term 'generation rent'. This context suggests that the growth of private renting is likely to be a complex, multifaceted process which requires further investigation. It leads to the overall research question for this thesis:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?



# CHAPTER TWO - ISSUES WITH 'GENERATION RENT' AND EXISTING EXPLANATIONS

## **2.1 The 'priced out' thesis and growth of private renting**

The first step in investigating the research question is to assess the most common explanation for the growth of private renting – the 'priced out' thesis – in more detail. In the first section of this chapter I assess whether the 'priced out' narrative offers an adequate explanation of recent tenure changes. The limitations of the 'priced out' thesis are highlighted in section 2.2. These limitations lead on to consideration of alternative accounts of the rapid growth of private renting. Alternative academic accounts identify a wider range of potential drivers, the diversity within the private rented sector, the role of landlords, the importance of considering wider tenure change and the ideology of home-ownership. Section 2.3 suggests that 'generation rent' may underestimate the importance of the growth of private renting by focusing on households who have been 'priced out'. Instead, it may be helpful to consider the broader impacts of this change including the polarisation of wealth and the provision of accommodation to low-income households.

'Generation rent' accounts of the growth of private renting tend to emphasise a particular explanation of this change – the 'priced out' thesis. This thesis suggests that there is a strong link between the decline of owner occupation

and the growth of private renting. Younger households been 'priced out' of owner occupation and have instead become private renters. Analysis of the 2011 Census suggests that the decline in owner occupation was matched by a proportionate increase in private renting (OCSI, 2012). It is also clear that "the trend away from owner-occupancy over the past decade has been concentrated among younger age groups, with particularly significant falls among those aged under 44" (OBR, 2014, p.42). At the same time, there was considerable growth in the number of younger households who were private renters (Pattison, 2013). Rather than being a coherent narrative, the 'priced out' thesis represents a collection of broadly similar explanations for the causes of tenure change. There tend to be three overlapping areas which are given different levels of prominence in different explanations: house price increase, affordability and the mortgage market.

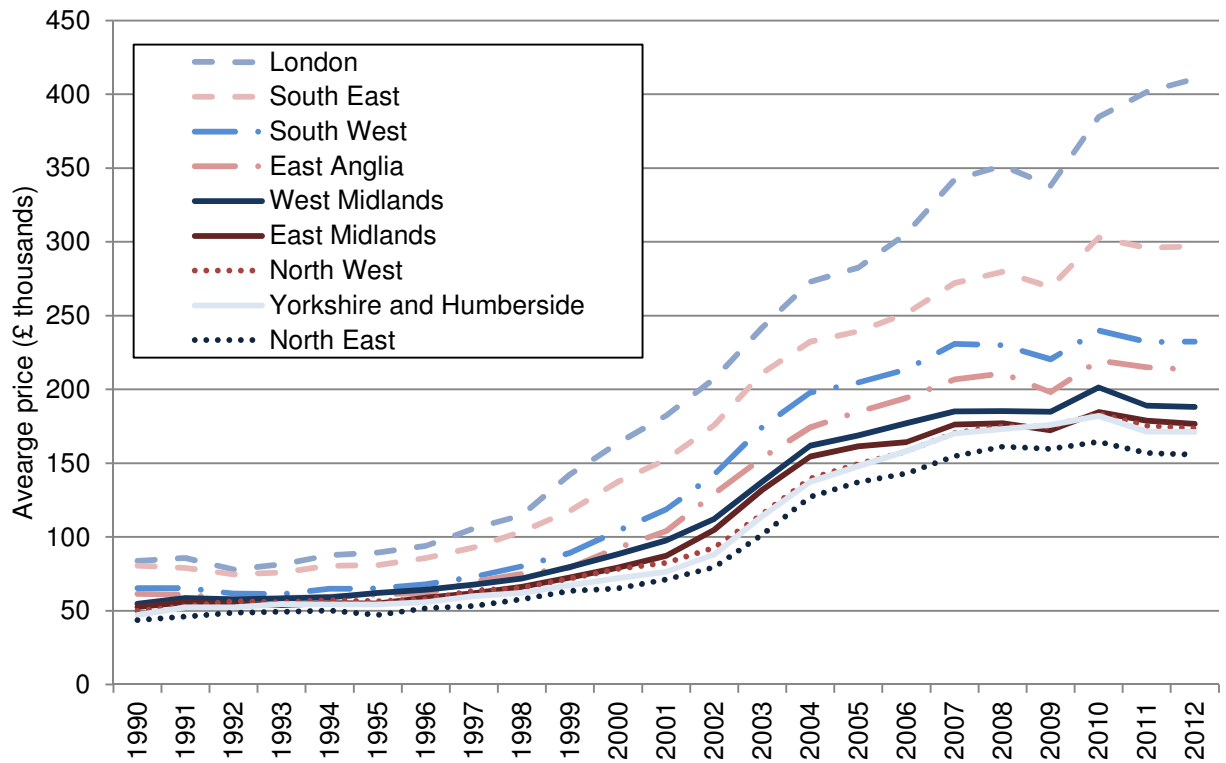
First of all, higher house prices might have reduced the number of households who could afford to purchase a property. It is worth noting the rapid increase in house prices across England in recent decades. Average house prices in England increased considerably between the early 1970s and the onset of the Global Financial Crisis in 2006. The average house price in 1970 was £5,000 but soared to £229,000 by 2006. This overall increase included several periods of rapid growth as average house prices more than doubled between 1998 and 2004. Changes in house prices at a regional level are highlighted in Figure 9. Average house prices in 1990 ranged from £43,700 in the North East to £83,800 in London. From this starting point the rate of change between 1990 and 2012 was relatively uniform for most regions. The exception to this trend

out' of owner occupation by either income or wealth constraints (NHPAU, 2010). Income constraints, occur when monthly mortgage payments are too expensive compared to incomes. Wealth constraints exist when the deposit for a mortgage is too expensive for the household to afford.

Figure 10 highlights changes in income constraints. The average ratio of house prices to annual incomes for England was 4.2 in 2000 but had increased to 7.0 by 2010. Whilst the highest ratios were found in areas of London and the South East, there were considerable increases across the country. Other data suggests that between 2001 and 2008 there was a sharp increase in mortgage payments as a percentage of household take-home pay. Mortgage payments increased from 11% of household take home pay in 2001 to 21% in 2008, largely due to the rapid increase in house prices (NHPAU, 2010). After the onset of the Global Financial Crisis, these income constraints began to ease due the fall in interest rates on many mortgages.

was London where average prices increased by 390% between 1990 and 2012.<sup>11</sup>

*Figure 9: Simple Average House Prices, English Regions, 1990 to 2012<sup>12</sup>*

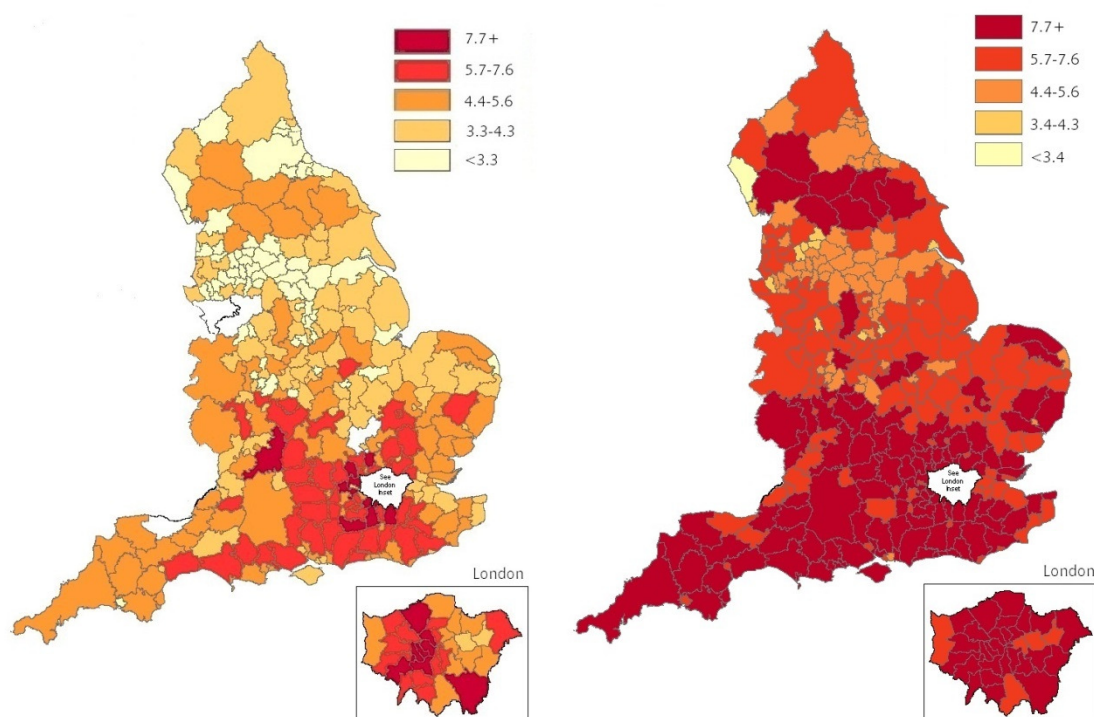


The second aspect of the ‘priced out’ thesis is affordability of housing. The affordability of housing is commonly measured by assessing the relationship between housing costs and incomes. Mortgage costs and house prices increased much faster than incomes after 2000 (Wilcox, 2008). In contrast, rental costs increased at a similar rate to incomes during the same period. This suggests that owner occupation may have become less affordable in comparison to private renting. More specifically, households could be ‘priced

<sup>11</sup> Authors calculations based on: Office for National Statistics (2013) House Price Index: October 2013 release, Table 24, <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/october-2013/rft-annual-october-2013.xls>

<sup>12</sup> Taken from: Office for National Statistics (2013) House Price Index: October 2013 release, Table 24, <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/october-2013/rft-annual-october-2013.xls>

*Figure 10: House price to income ratios in 2000 (left) and 2010 (right), Local authority areas, England<sup>13</sup>*



This easing of income affordability did not necessarily lead to major improvements in overall housing affordability. Wealth constraints also increased from 2001 due to the growth of house prices but became even more severe after the onset of the Global Financial Crisis. In 2001, the average deposit for a property in England on the 15<sup>th</sup> percentile of house prices would account for 16% of annual income. By 2008 this had more than doubled to 35% and then almost doubled again in just one year. A deposit would have accounted for 64% of annual income in 2009 (NHPAU, 2010). These wealth constraints were even more pronounced in London where a deposit reached 153% of annual income

<sup>13</sup> Department for Communities and Local Government (2011) Live Table 577: Ratio of median house price to median earnings by district, from 1997, <http://www.communities.gov.uk/documents/housing/xls/322286.xls>

in 2008. After the onset of the Global Financial Crisis the decline in new mortgage lending was particularly acute for first-time buyers seeking to borrow at high loan-to-value ratios. The proportion of mortgages with a loan to value ratio of over 90% fell from 14.9% in the final quarter of 2007 to 2.5% in 2012 (Wilcox, 2013). Taken together, this suggests that income constraints may have been a major barrier to owner occupation prior to the Global Financial Crisis with wealth constraints becoming more pronounced after this point.

This leads on to consideration of the third aspect of the 'priced out' thesis: the mortgage market. Potential links between mortgage markets and tenure change were outlined by David Miles, a member of the Bank of England Monetary Policy Committee. He suggested that there has been a direct link between the relative size of different tenures and the mortgage market. In his opinion "the level to which home-ownership rates will decline will depend on the availability of alternatives to mortgage debt" (Miles, 2011, p.16). A simple calculation is used by Miles to assess the possible impact of the size of deposit required on rates of owner occupation. This example suggests that if an average deposit is 5% of the total value of property the rate of owner occupation will be 71% of the population. If the size of the average deposit increases to 20% the owner occupation rate drops to 52% of the population.

A more detailed model of the impact of mortgage finance up to 2008 has been developed by Meen (2013). In this model, existing owner occupiers are treated as insiders and newly forming households are outsiders. This creates advantages for existing owners, particularly when house prices are rising. The model proposed by Meen is that:

“Existing owners benefit particularly at a time of rising prices, because they are able to use the accumulated equity in their current properties to relax the constraints on their budgets and can, consequently, trade up-market or purchase additional properties. These further demands for housing will put upward pressure on prices and will be accompanied by added demands for mortgage debt by existing owners. Since new households do not have these advantages, the share of mortgage debt which they obtain falls and they also suffer from the rise in prices” (Meen, 2012, p.638).

This leads directly to a fall in rates of owner occupation as the effective demand of existing owners is able to rise faster than that of new households. Meen places a particular importance on the role of the mortgage market in mediating access to owner occupation.

Taken together, this evidence suggests that the ‘priced out’ thesis presents a narrative to explain the decline of owner occupation. The thesis could be summarised as arguing that:

- There have been rapid increases in house prices across England, particularly in London
- House price increases are mediated by the mortgage market. This leads to income constraints (i.e. the cost of the mortgage repayments) and wealth constraints (i.e. the cost of the deposit).

- Both income constraints and wealth constraints have made owner occupation less affordable, resulting in an increase in the number of younger households remaining in the private rented sector.

This section has summarised the ‘priced out’ thesis and suggests that it provides a plausible account for tenure change. However, there are a range of limitations to the ‘priced out’ thesis as an explanation for the rapid growth of private renting in England. These limitations will be explored further in the next section.

## **2.2 Broader issues with ‘generation rent’ and ‘priced out’ thesis**

The rapid growth of private renting has been popularised as ‘generation rent’ with the ‘priced out’ thesis describing the main driver of this change. In this section I will argue that this popular understanding of ‘generation rent’ has major limitations. Popular descriptions of the ‘priced out’ thesis tend to emphasise the shift in effective demand from purchasing with a mortgage to private renting due to economic drivers. A simple reading of the ‘priced out’ thesis suggests that effective demand for owner occupation has been reduced due to affordability constraints. This has led to an increase in effective demand for private renting. In this section I will present evidence which suggests that the ‘priced out’ thesis fails to fully account for:

- The role of a range of other potential drivers (ranging from global to individual)
- The role of landlords



- The diversity within the private rented sector
- Changes in supply and demand across all tenures (particularly social housing)
- The important role played by the ideology of homeownership

### **2.2.1 Other potential drivers**

The ‘priced out’ thesis provides the most common description for the rapid growth of private renting. However, there are a range of different drivers which could have increased effective demand for the private rented sector. The ‘priced out’ thesis emphasises the role of households who would prefer to be owner occupiers but are restricted by affordability constraints. Increased effective demand for private renting could also have been caused by a number of other drivers. For example, Stephens (2011) notes that:

“This [private rented] market has stabilised and revived since the deregulation of rents and the introduction of non- secure tenancies from 1989. Investment in rental properties has been encouraged by the improvement in the terms of mortgage credit available to private landlords under the buy-to-let (BTL) initiative, introduced in the mid-1990s. Meanwhile, favourable demographic and social trends, including rises in the student population and changes in the labour market, as well as the growing numbers of people priced out of home-ownership, have helped increase demand for this form of tenure” (Stephens, 2011, p.17).

Stephens suggests that the growth of private renting is linked to increased demand driven by the labour market and demographic changes. This demand is

matched by increased supply driven by growing numbers of private landlords utilising buy-to-let mortgages. Both supply and demand have been supported by legislative changes such as the introduction of Assured Shorthold Tenancies in the Housing Act 1988.

An additional account from Crook and Kemp suggests that:

Many governments have reduced spending on social rented housing. Demographic requirements for housing have grown while labour markets are more flexible. The globalization of financial markets and the availability of cheap credit from the mid-1990s to 2007 had major impacts on housing markets...Fiscal, demographic and capital market trends have created more favourable demand and supply circumstances for a more resilient private rented sector than for many decades” (Crook & Kemp, 2014, p.1).

Crook and Kemp highlight the globalization of financial markets and constraints on social housing as additional drivers for the growth of private renting. These potential drivers identified by Stephens and Crook & Kemp will be briefly reviewed to assess how they might have contributed towards the growth of the private rented sector.

A number of changes in the labour market might have acted as drivers of the growth of the private rented sector. These drivers might have reduced the number of households with stable employment and sufficient earnings to obtain a mortgage. The first change in the labour market was the growth in self-employment (Office for National Statistics, 2013). Gaining access to mortgages

became more difficult for people who were self-employed after the onset of the Global Financial Crisis, partly due to regulatory changes (Financial Services Authority, 2011). A second trend was the increasing numbers of households in part-time or flexible employment, exemplified by zero-hours contracts. Office for National Statistics estimates suggest that the number of workers on these contracts increased by almost 50% between 2006 and 2012 although the “true scale of zero-hours contract use is likely to be far higher than official estimates suggest” (Pennycook, Cory & Alakeson, 2013, p.3). Young people have experienced additional difficulties in the labour market including higher levels of unemployment. These difficulties could have limited their ability to access owner occupation. Access to social housing was also restricted for many younger households (Tunstall, Lupton, Green, *et al.*, 2012). This might have left the private rented sector as the only viable option for younger households and increased effective demand for the tenure (Clapham, Mackie, Orford, *et al.*, 2012). Changes to housing allocations and homelessness policies means that young households are more likely to be accommodated within the private rented sector instead of social housing (Rhodes & Mullins, 2009).

Demographic changes could also have led to an increase in effective demand for private renting. Migration represents one possible source of increased demand for the private rented sector as recent migrants have tended to live in the tenure when they first arrive in the United Kingdom (e.g. Robinson, Reeve & Casey, 2007; Perry, 2012). At the time of the 2011 census, 3.7 million residents in England and Wales had arrived during the previous ten years (Office for National Statistics, 2012a). Migration contributed towards an increase in the

overall number of households between 2001 and 2011. During this period the number of households increased by 8% due to the formation of 1.7 million additional households (ibid). This growth in households was attributed to the combined impact of higher life expectancy, greater numbers of single person households and migration (NHPAU, 2009).

Stephens (2011) suggests that housing policy has contributed towards the growth of private renting. The Conservative governments of the 1980s supported the growth of the private rented sector in order to complement the development of a 'property-owning democracy' (Kemp, 2010). The Housing Act 1988 sought to deregulate the private rented sector and to support the growth of the tenure by "many thousands" of properties (Department for the Environment, 1987, paragraph 1.8), particularly to allow people to move across the country to find work. It has been argued that "this new, more market-oriented framework for private renting was clearly a turning point, it was arguably a necessary rather than a sufficient condition for the substantial revival of the sector" (Kemp, 2015, p.5). The rapid growth of private renting began during New Labour's period in office between 1997 and 2010. In 1996, prior to becoming Prime Minister, Tony Blair said that:

"Labour is back in touch – the party of social housing, but the party of private housing too... In government I am firmly committed to ensuring a diversity of providers in rented housing. Part of that diversity must be to encourage the private rented sector" (quoted in Lund, 2008, p.36).

Lund argues that the speech from Tony Blair marks an important milestone as it 'constructed a symbolic distance from 'old' Labour's preoccupation with council housing and distaste for private landlords' (Lund, 2008, p.36). He argues that the subsequent expansion of private renting between 1997 and 2005 was 'the outcome of New Labour adopting a welcoming approach to private landlords thereby securing the necessary political consensus for long-term investment' (Lund, 2008, p.41).

The accounts provided by Stephens and Crook & Kemp identify a wider range of drivers for the growth of private renting than some of the 'generation rent' narratives which emphasise the 'priced out' thesis. It appears that demographic changes, such as migration and the labour market are likely to have increased effective demand for private rented sector. There is also evidence that changes in housing policy have contributed towards the growth of private renting. The first wider driver of the growth of private renting relates to the role of landlords.

### **2.2.2 The role of landlords**

The 'priced out' thesis appears to assume that the supply of private renting will match growth in effective demand. The account from Stephens (2011) suggests that buy-to-let lending has played a crucial role in increasing the supply of private rented accommodation. Buy-to-let lending was introduced in 1996 and provided landlords with access to mortgage finance at similar terms to owner occupiers (Kemp, 2010). The number of outstanding buy-to-let loans in the UK increased from 185,000 in 2001 to 1.4 million in 2011.<sup>14</sup> Two distinct phases in the supply of private renting between 2000 and 2011 are highlighted by Ball

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<sup>14</sup> Table 55, (Wilcox & Perry, 2014)

(2011). The house price boom prior to the Global Financial Crisis made investment in private renting an attractive option. Investment in private rental properties could lead to considerable capital gains but the yields on the actual rents were considered to be relatively low.

A second phase of the supply of private renting occurred after the onset of the Global Financial Crisis. The availability of buy-to-let mortgages decreased rapidly but the supply of private rented accommodation continued to increase. Ball suggests that this was due to 'reluctant landlords' who were owner occupiers that rented out a property they were formerly living in. The buy-to-let market began to grow again after 2011 (Financial Services Authority, 2012; Wallace & Rugg, 2014). It appears that the "the buy-to-let mortgage market grew rapidly to become a major driver of overall supply in the private rented sector" (HM Treasury, 2010, p.12). There was concern that this trend was making further limiting access to owner occupation as buy-to-let landlords "with existing housing wealth are able to "crowd out" first-time buyers" (Kennett, Forrest & Marsh, 2012, p.7). The growth of private rented accommodation represented a transformation with the "emergence of a new structure of rental housing provision based on buy-to-let mortgages" (Kemp, 2015, p.17).

The review of the private rented sector in England by Rugg and Rhodes (2008) highlighted the general characteristics of landlords in the tenure and noted the importance of small scale landlords. This was supported by a government survey of private landlords published in 2010. The key finding of this survey was that:

“Eighty-nine per cent of landlords were private individual landlords responsible for 71% of all private rented dwellings, with a further 5% of landlords being company landlords responsible for 15% of dwellings... More than three quarters (78%) of all landlords only owned a single dwelling for rent, with only 8% of landlords stating they were full time landlords” (Department for Communities and Local Government, 2011, p.5).

The survey suggested that over half (51%) of these dwellings had been acquired since 2000. Mortgages were the most common means of acquiring a dwelling (56%) but one-fifth (21%) were purchased using personal savings. Landlords stated that less than half of the properties (47%) had been originally purchased with the aim of letting them out. “Over one-fifth (22%) of dwellings in the private rented sector were either once lived in or still lived in by the landlord” (Department for Communities and Local Government, 2011, p.25). This survey provides a description of the private rented sector which was dominated by small scale, part-time landlords. Many of these landlords were relatively new to this venture and some might be categorised as ‘accidental’ landlords as they had a close connection to the property they were letting out.

The types of landlords highlighted by this survey suggest that the decline in institutional investment in the private rented sector after the Second World War has not been reversed (see section 1.3). Numerous schemes have been promoted by different governments to support the return of institutional investment with limited success. In 1998, it was estimated that 61% of private rented accommodation was owned by individuals. The average size of property portfolios was small at this time (Crook, 2002). After the millennium it was

suggested that “despite market liberalisation there seems as yet little evidence of corporate investment in the sector” (Hughes & Lowe, 2002, p.17). Even after another decade of growth it was clear that “institutional investment (e.g. by pension and insurance funds) has been virtually absent from the private rented sector” (HM Treasury, 2010, p.25). Student accommodation was one of the few sub-markets to receive institutional investment during this period (Montague, 2012).

Other research has highlighted geographic variation in the types of different landlords operating in the private rented sector. In 2003, Rhodes and Bevan interviewed buy-to-let investors in six different areas of the UK. They found that almost all of the investors had a personal knowledge of the area in which they were operating. This included being a current resident in the area, a former resident or having another family connection to the location, such as a child studying at a local university. Interviews suggested that there were two reasons for this connection. The first was that direct “knowledge of an area was thought to be essential to making rational and well-informed investment decisions - investing in other areas was considered risky. Secondly, they wanted to be nearby for ease of management and maintenance” (Rhodes & Bevan, 2003, p.1). Other findings from the interviews were that “amongst investors for whom being a landlord was not a full-time occupation, buy-to-let was being used as a form of pension planning. Most were intending to live on the rental income when they retired” (Rhodes & Bevan, 2003, p.1).

A more detailed study of buy-to-let landlords in Glasgow was undertaken by Gibb and Nygaard in 2005. They found that “landlords stated that the dominant



reasons for the locations they chose were the perceived quality of the local area (often based on personal experience) and the prospects for rental income, occupancy and rental demand” (Gibb & Nygaard, 2005, p.315). The choice of location was also mediated by two other key factors: the demographic profile of potential tenants and the type of housing stock. In terms of the tenant profile, the landlords stated a preference for young professionals and students. They were less keen to rent their properties out to Housing Benefit claimants. There were also particular types of housing stock that buy-to-let landlords favoured. This meant that:

“the ability to either locate within a large customer base or draw upon the benefits of proximity to an established rental area is an important factor in order to maximize occupancy rates while the asset matures. Second, high asset liquidity lowers investment risk by reducing the transaction cost and timescale associated with realizing the return on the initial investment” (Gibb & Nygaard, 2005, p.322).

This preference for investing in particular locations or niches is supported by survey evidence from Newcastle. A landlord survey found that almost 80% of landlords were only investing in one local authority area and that almost two-thirds had focused on purpose-built flats (Green, Hickman, Hunter, *et al.*, 2007). This focus on particular sub-markets (often students or young professionals) and a preference for investing in the local area were also found in a landlord survey in Nottingham (Nathaniel Lichfield and Partners, 2011).

Perhaps the most detailed source of information on landlords in the UK is the statutory register which operates in Scotland. It is likely that many of the findings from this register will be relevant to England. The landlord register was analysed by Crook et al in 2012 and findings reinforce the evidence from earlier research. They found that half of the properties owned by small landlords were situated within 3 km of their own residence. “However, larger landlords [20 properties or more] appear to have had slightly more dispersed stockholdings” (Crook, Ferrari & Kemp, 2012, p.3357). The underlying reasons for this preference were explored in focus groups. These suggested that landlords “revealed how important knowing an area and living close to it was to the way they managed their portfolios and the risks they faced... Respondents generally indicated that a key way of managing the market risks associated with acquiring properties was to know personally the sub-market where property was acquired” (Crook, Ferrari & Kemp, 2012, p.3358). The landlords were seeking to use detailed knowledge of local areas to support their investment decisions by understanding “the distinctive micro geography of housing markets” (Crook, Ferrari & Kemp, 2012, p.3359). One landlord stated that “what’s important to know is to have local knowledge because [the] difference between one street and [the] adjoining street in terms of value and potential for renting are [sic] enormous” (Glasgow landlord)” (Crook, Ferrari & Kemp, 2012, p. 3359).

It is also possible to investigate the types of landlords operating in specific niches within the private rented sector. A review of changes to the Local Housing Allowance provides evidence of the types of landlord operating within the Housing Benefit market. This review found that “forty per cent of the

landlords in the postal survey were full-time and 63 per cent had been landlords for ten years or more; just over half of respondents had five or fewer properties, while at the other extreme one in ten respondents had over 50 properties” (Centre for Regional Economic and Social Research, 2014, p.36). Whilst the sample size is relatively small, it appears that landlords operating in the Housing Benefit market are more likely to be full-time professionals with more experience as a landlord and larger property portfolios.

There have been some attempts to move towards more generalised categorisation of landlords. In general terms, the government’s Private Landlords Survey in 2010 suggested that:

“different landlord types have variations in their property portfolio which reflect their experience in the sector, their preferences and the opportunities available. Longer-term landlords were found to have a more diverse portfolio of stock and a larger stock holding within the sector. Newer landlords tended to own and introduce a more modern dwelling profile to the sector that are, perhaps, easier to manage and maintain” (Department for Communities and Local Government, 2011, p.17).

Within Glasgow, Gibb and Nygaard distinguished between two types of buy-to-let investors. The first group consisted of “small-scale ‘sideline’ investor who typically works full-time, has inherited either cash or property, or has decided to capitalize realized asset appreciation” (Gibb & Nygaard, 2005, p. 316). This group was dominated by local investors who used their local knowledge to

maximise returns. The second group consisted of investors in new build accommodation and “this segment attracts substantial capital flows from investor groups both nationally and from abroad” (Gibb & Nygaard, 2005, p.316). A different model is proposed by Leyshon and French (2009) who used landlords’ knowledge and geographic association as the key components of their typology.

Crook et al drew on their analysis of the landlord register in Scotland to identify four types of landlords. These were:

“(1) business landlords: for whom letting accommodation is a full-time occupation or main business; [7% of dwellings],

(2) sideline investor landlords: for whom letting is part time (or not their main business) but who seek investment returns; [65%],

(3) sideline non-investor landlords: part-time landlords (or companies for whom letting is not their main business) who do it for non-investment reasons (for example, to house relatives or employees); [26%] and

(4) organisational landlords: those institutions holding property for noninvestment reasons (such as for housing ministers of a church). [2%]” (2012, p.3354).

In each of these typologies there was recognition that different types of landlords are likely to be attracted to different types of housing stock. The most important distinction appears to be between new build properties (usually apartments) and existing properties (more commonly terraced houses). In

summary, there is a range of evidence which highlights the different roles that landlords have played in the growth of private renting. The role of landlords tends to be side-lined by the 'priced out' thesis. It is clear that the changing role of landlords, particularly the development of buy-to-let lending, has been an important driver in the rapid growth of the private rented sector.

### **2.2.3 Diversity within the private rented sector**

The diversity within the private rented sector represents another limitation with 'generation rent' accounts. Popular narratives tend towards characterising the private rented sector as one homogeneous market. Earlier discussion of the historic decline of private renting (see section 1.4) highlighted the diversity of the tenure. The private rented sector consisted of a range of different sub-markets whose characteristics and size varied considerably over time. Evidence suggests that the private rented sector remained highly diverse through the 1990s. Houston and Sissons (2011) analysed the changes in the private rented sector between 1991 and 2001. They noted the growth of private renting in areas which had previously been dominated by social housing as well as in areas more commonly associated with private renting. "The private rented sector has always been heterogeneous, but its multitude of roles has increased and in geographically differentiated ways" (Houston & Sissons, 2011, p.22).

A key feature of the private rented sector over many decades has been its "heterogeneous nature" and the "diversity of interests of those who provide and those who live in" the tenure (Allen & McDowell, 1989, p.2). It has been argued that private renting is "a sector that defies sweeping generalizations" (Aalbers & Christophers, 2014, p.10). This is supported by research which suggests that

that “the private rented sector has always been heterogeneous, but its multitude of roles has increased and in geographically differentiated ways” (Houston & Sissons, 2011, p.22). However, there is no agreed framework for understanding the diversity of this tenure. The most commonly used framework is the sub-markets or ‘niches’ developed by Rugg and Rhodes in their review of the private rented sector. They defined niches by “demand and supply characteristics, distinctive rental practices and – in some cases – specific types of central policy intervention that shape the way the sub-market operates” (2008, p.xiv).

Rugg and Rhodes provided a ‘non-exhaustive’ list of niches which were:

- ‘Young professionals’
- Students
- The housing benefit market
- Slum rental
- Tied housing
- People on high incomes, high rents
- Middle age, middle market renters
- Immigrants
- Asylum seekers
- Temporary accommodation
- Older tenants and regulated tenancies

Many of these niches do not fit neatly within the ‘generation rent’ narrative that tends to describe private renters as ‘frustrated’ owner occupiers. For example, it

appears to be unlikely that the growth of either the student or housing benefit niche is primarily due to increased demand from frustrated owner occupiers.

Stephens (2011b) identifies the increase in the number of student as one possible driver of the growth of private renting. There is evidence that the majority of students who are private renters have actively chosen this tenure (Rugg, Rhodes & Jones, 2002). Between 2000/01 and 2010/11 the number of students at Higher Education institutions in the UK increased from 195,000 to 250,000.<sup>15</sup> This increase in student numbers is likely to have been the key driver in the growth of this niche. There is also evidence of considerable growth in the size of the Housing Benefit sub-market. The number of claimants in the private rented sector increased from 1.1 million in November 2008 to 1.7 million in May 2013.<sup>16</sup> The Housing Benefit niche accounted for 1.4 million private renter households in England at the time of the 2011 census out of a total of 3.4 million. This means that Housing Benefit claimants represented just over 40% of the private rented sector at this time. There is also evidence of the continuation of the geographic differentiation which was identified by Houston and Sissons (2011). For example, in particular local authority areas the Housing Benefit niche dominated the private rented sector. In Blackpool, around 90% of private renter households were claiming Housing Benefit in 2012 (Centre for Regional Economic and Social Research, 2014b). Student niches within the private rented were also spatially defined and situated close to university campuses (Rugg, Rhodes & Jones, 2002). It appears likely that different drivers account

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<sup>15</sup> Authors calculations using data from Higher Education Statistics Authority: <http://www.hesa.ac.uk/content/view/1897/239/>

<sup>16</sup> Authors calculations for Great Britain, data from Department for Work and Pensions via Stat-Xplore: <https://sw.stat-xplore.dwp.gov.uk>

for the growth of these two niches. The role played by the Housing Benefit and student niches rarely features in discussions of 'generation rent' and the growth of these niches does not sit easily within the 'priced out' thesis.

#### **2.2.4 Supply and demand across all tenures**

It is important to consider supply and demand across all tenures in order to gain a full understanding of why the private rented sector has grown. 'Generation rent' tends to provide a narrow focus on the changes in owner occupation and private renting. It is likely that a range of drivers have shaped the tenure structure of the whole housing system. This is highlighted by considering access to social housing, national policies and drivers acting at either a global or individual level. First of all, there appear to be clear links between changes in social housing and private renting. Constrained access to social housing seems to be implicit in the 'priced out' account of the growth of private renting. It was also identified by Crook and Kemp as a potential driver for the growth of the private rented sector.

The supply of social housing has decreased since 1980 and a range of authors highlight the role of 'right-to-buy' in this process of residualisation (e.g. Mullins & Murie, 2006; Malpass, 2005). There was also a shift from subsidy for capital development to subsidies for individual households, largely in the form of Housing Benefit (Hills, 2007). The decline in social housing led to a change in its role so that "since the 1980s provision has become more tightly constrained and new lettings focussed on those in greatest need" (Hills, 2007, p.2). This suggests that "the declining supply and lengthening waiting lists for social housing have displaced some people into the PRS" (Kemp, 2015, p.10). It



highlights the importance of considering the supply and demand of social housing alongside private renting and owner occupation. There are examples of changes in government policy which have more actively supported the movement of households towards the private rented sector instead of social housing. One example would be Homeless Act 2002 which promoted the use of private renting as part of homelessness prevention strategies (Cowan, 2011). This was extended by the Localism Act 2011 which gave local authorities the right to discharge their homelessness duty into the private rented sector. There is evidence that this power led to an increasing number of local authorities placing homeless households in the private rented sector (Fitzpatrick, Pawson, Bramley, *et al.*, 2013).

A range of government policies are likely to have shaped the tenure structure of the housing system. These include wider government actions rather than specific housing policies which related to individual tenures. A number of these government actions have been noted in this chapter. The first was the policy to increase student numbers. Changes to the welfare system provide a second example. Thirdly, government interventions in the labour market are an example of the interrelationships between policy and tenure change. A final example comes from the changes to the mortgage market implemented after the onset of the Global Financial Crisis. Other types of national policies are also related to tenure change. The actions of the Bank of England in response to the Global Financial Crisis had important impacts on the private rented sector. Kemp argues that low interest rates helped to reduce mortgage arrears and repossessions for buy-to-let investors. They also reduced the cost of borrowing

for those who could access credit. Buy-to-let became an increasingly attractive option as “investors searched for more competitive returns in this new low-yield environment” (Kemp, 2015, p.13).

All tenures in England are likely to have been affected by both global and individual drivers. The interrelationship between different government policies and the Global Financial Crisis highlights these global drivers. It is clear that “the growth and transformation of private renting in Britain was affected not just by domestic events but also by developments in the international political economy” (Kemp, 2015, p.2). A possible association between the growth of private renting and the Global Financial Crisis – particularly through mortgage finance – was highlighted in chapter one. There are a variety of explanations for the origins of the Global Financial Crisis but it is generally acknowledged that housing played a central role. For example it has been argued that “a speculative bubble in the housing market that began to burst in the United States in 2006... has now caused ruptures across many other countries in the form of financial failures and a global credit crunch ” (Shiller, 2008, p.1). Shiller (ibid) argued that the house price ‘bubble’ was at least partly caused by policies designed to expand owner occupation through the development of sub-prime mortgages and Federal Reserve interest rates being held at historic lows. The Global Financial Crisis highlighted the extent to which “housing markets are now deeply embedded within the international institutional architecture and financial flow” (Kennett, Forrest & Marsh, 2012, p.10). Most of the academic discussion of the crisis has focused on owner occupation but private renting also formed an important component (Kemp, 2015).

At the other end of the spectrum, it appears that the behaviour of individuals can also act as a driver for tenure change. An important factor underpinning demand comes from the tenure preference of individuals and households. Tenure preferences have been measured in surveys for several decades. In 1965, 62% of respondents stated that owner occupation was their ten year preference (Wallace, 2010). At this time 6% of respondents stated that private renting was their ten year preference. The preference for owner occupation increased until 1991 when it accounted for 84% of respondents with private renting dropping to just 2%. Preference for owner occupation dropped slightly during the 1990s but remained at over 80% between 2000 and 2007. The percentage of respondents with a long term preference for private renting remained at between 1% and 3% between 1991 and 2007. This survey data strongly suggests that there was no decline in the long term preference for owner occupation up to 2007.

Survey data on short-term preferences does not show such clear cut support for owner occupation. When asked about tenure preferences in two years' time there was considerable variation by age group (Wallace, 2010). Younger age cohorts expressed lower levels of preference for owner occupation in the short term. In 2007 around 50% of under 25s expressed a preference for owner occupation. The reasons for the lower levels of preference for owner occupation amongst younger adults might be explained by the perceived attributes of tenure. "The opportunity for independence, greater social standing and financial benefits are positively associated with home-ownership, while the risks and responsibilities of ownership are often perceived negatively" (Wallace, 2010,

p.9). There may be some evidence of an increased preference for private renting as a short term option for younger people but owner occupation still dominated the tenure preferences of most individuals. These tenure preferences need to be carefully considered and this leads on to discussion of ideologies of homeownership.

### **2.2.5 The ‘ideology of home-ownership’**

The perception that there is a strong preference for owner occupation highlights debate about ideologies of homeownership. In 1981, Kemeny argued that long term support for owner occupation can be partly attributed to the endurance of “myths concerning the superiority of home-ownership over other forms of tenure” (Kemeny, 1981, p.11). He suggests that this ideological support for owner occupation led to housing policies which further increased its attractiveness. Housing policy may be particularly susceptible to this kind of symbiotic relationship between policy and tenure preferences. This is because of the length of time needed to make major changes to the housing system and the “highly personal nature of housing” (Kemeny, 1981, p.157). Taken together, this relationship means that housing is “particularly vulnerable to the establishment and perpetuation of a vicious circle in which it can be argued convincingly that there is a ‘natural’ demand for home-ownership” (Kemeny, 1981, p.157). The greatest impact of housing policy on tenure choice can be seen in the relative costs of different tenures. Housing policies and subsidies act to encourage or constrain entry into a particular tenure. Kemeny argues that there is built “into the housing system a set of conditions which encourage –

and in some societies virtually force – households to choose one form of tenure in preference to others” (Kemeny, 1981, p.20).

In 1990, Saunders strongly challenged Kemeny’s approach and argued that it was natural that we should wish to become ‘a nation of homeowners’. The widespread desire for homeownership was not due to false consciousness. Instead, he suggested that “a widespread desire for owner-occupation is likely to be fuelled by certain natural dispositions as well as by economic and cultural factors” (Saunders 1990, p.83). A preference for homeownership was ‘natural’ due to a combination of different factors including perceived financial benefits, choice, autonomy and greater ontological security. Saunders approach is still echoed in contemporary analysis of tenure preferences. In the previous section, surveys suggested that there was a perception that owner occupiers gained from independence, greater social standing and financial benefits (Wallace, 2010).

More recent discussion of the ideology of homeownership has sought to overcome this perceived division between the approaches adopted by Kemeny and Saunders. Ronald (2008) argues that these competing accounts of the widespread support for owner occupation can be described as neutral or critical conceptions:

“*Critical* conceptions generally fit into a Marxist framework and present home ownership as ideologically coercive and divisive, portraying homeowners as passive recipients of hegemonic projects. The *neutral* conceptions are loosely associated with pluralist approaches and tend to

essentialize the need or desire to own one's home and thus present homeowners as passive respondents to innate desires" (Ronald, 2008, p.29, author's italics).

Both of these approaches are overly deterministic and need to incorporate a range of complex inter-relationships. Ronald proposes two key aspects to the relationship between homeownership ideologies and patterns of social organization. The first is that "homeownership ideologies are structured through the dominant mode of residence or dwelling into patterns of everyday life" (Ronald, 2008, p.28, author's italics). This leads to a situation where:

"In societies where homeownership has boomed the status of the homeowner has become a social ideal. Owner occupation has become embedded with routes to adulthood and autonomy and bound up with discourses of choice and freedom. The owner occupier has been elevated as a better type of citizen, neighbour and even parent" (Ronald, 2008, p.2).

This is complemented by the second key aspect: "the role of owner-occupation plays hegemonically in undermining welfare states and public provision, and promoting neo-liberal ideologies that appear central to the process of globalization" (Ronald, 2008, p.28). In the 1980s Kemeny argued that societies with high levels of owner occupation are more likely to have poorly developed welfare systems. Homeownership 'frontloaded' costs on to newly formed households which made them resistant to higher levels of taxation required to fund more generous welfare provision. This thesis was updated in response to

Castles suggestion that there is a 'really big trade off' between home ownership and welfare states (Kemeny, 2005). This trade-off is between:

“a minimalist model of welfare propped up by high rates of home ownership and a maximalist model of welfare in which home ownership is just one of a number of housing tenures to choose between, without having to take into account how to keep the wolf from the door on becoming old and infirm” (Kemeny 2005, p.65).

The relationship between owner occupation and welfare is further developed by Ronald. He suggests that housing systems are playing a key role in the restructuring of welfare states (Ronald, 2008). Countries with high levels of owner occupation have developed 'asset-based welfare':

“The principle underlying an asset-based approach to welfare is that, rather than relying on state-managed social transfers to counter the risks of poverty, individuals accept greater responsibility for their own welfare needs by investing in financial products and property assets which augment in value over time” (Doling & Ronald 2010, p.165).

This analysis by Ronald suggests that:

“understanding of homeownership as an ideology requires moving beyond a simple notion of dominant ideology and involves more dynamic flows of power and forces of subjugation in which residents are as complicit or active as state institutions or market intermediaries” (Ronald, 2008, p.242).

The ongoing discussion about ideologies of homeownership represents another limitation with popular discussion of the rapid growth of private renting. It appears that 'generation rent' and the 'priced out' thesis fail to engage with the possible role of ideologies of homeownership in tenure change. The growth of private renting also represents an important issue for ideologies of homeownership. How have these ideologies interacted with the rapid growth of the private rented sector? What are the relationships between ideologies of homeownership, housing policies and the process of tenure change?

Taken together, the academic analysis discussed so far provides a powerful critique of the 'generation rent' account which emphasises the 'priced out' thesis as the primary driver of this trend. It is clear that the 'priced out' thesis provides, at best, a very limited account of the drivers contributing towards the rapid growth of private renting. The 'priced out' thesis overemphasises the role of economic drivers and focuses on changes in effective demand for private renting as a substitute for owner occupation. Highlighting the limitations of the 'generation rent' account and the 'priced out' thesis leads to another question. Is this growth of private renting really an important housing problem?

## **2.3 Wider importance of growth of private renting**

### **2.3.1 Polarisation of wealth**

One of the key features of the 'generation rent' account is that it provides a description of a housing problem. Given the limitations of this account it is worth considering whether the growth of private renting is actually a significant



problem. It could be argued that the 'generation rent' account has overemphasised the housing difficulties of a small proportion of young people. These young people, particularly those living in London and the South East feel that they are entitled to become owner occupiers. They are unhappy that they cannot become owner occupiers immediately in the types of locations where they would like to live. 'Generation rent' could be dismissed as the unrealistic expectations of a cohort of young people who "lack the long-term saving mentality that most need if they are to get on the housing ladder" (Blackwell and Park, 2011, p.2). This suggests that 'generation rent' may represent popular concern with the experiences of a proportion of young people who are relatively well accommodated but not able to access their top housing choice. If this is the case then the growth of private renting may not represent a major housing problem.

In contrast, McKee argues that "the phenomenon of 'generation rent' is much more than a housing 'problem'; it reflects fundamental inter-generational inequalities, of which homeownership and housing wealth are perhaps the most immediate and visible manifestation" (McKee, 2012, p.860). It is possible that 'generation rent' accounts actually underestimate the significance of the growth of private renting by focusing on those who are 'priced out'. The next section reviews evidence to suggest that the growth of private renting has had a profound impact on at least two areas of the housing system. These are housing wealth (as noted by McKee) and the housing circumstances of low income households.

The relationship between tenure and housing wealth was explored by Bastagli and Hills (2012) using data from 1995 to 2005. They found that absolute differences in wealth increased during this period and the result was that “those with no wealth were left further behind” (Bastagli & Hills, 2012, p.22). However, they also found that, in relative terms, wealth grew fastest for households in the middle of the distribution with:

“housing wealth becoming a greater share of total wealth and more equally distributed; and the most rapid percentage increase in housing wealth taking place in the middle of the distribution” (Bastagli & Hills, 2012, p.22).

Further analysis by the authors suggests that almost all of this gain in wealth was due to rapid increases in house prices during this period. The house price boom appeared to result in particularly large increases in wealth for certain groups: the middle aged, those with higher qualifications and households purchasing with a mortgage. The role of housing tenure in the changing distribution of wealth was also noted as “tenure status and changes in tenure status over this period play a central role in understanding patterns of wealth accumulation” (Bastagli & Hills, 2012, p.21).

It has been argued that “the gap between the ‘housing haves’ and the ‘housing have-nots’ is increasing even if some people in the ‘middle’ have increased their share of wealth by becoming home-owners” (Appleyard & Rowlingson, 2010, p.3). Access to owner occupation in areas experiencing house price growth appeared to be a key factor in the ability to build up wealth. This may occur through “the pricing out of the housing market of people without pre-existing

housing equity or family connections with such equity. This perpetuates disadvantage through the generations” (Muellbauer & Murphy 2008, p.15). The rapid house price increases in the 2000s may have had a particularly adverse impact on younger households as “the burden of rising house prices falls on current and future first-time buyers” (Weale 2007, p.5). Research from the OECD (2011) supported this claim and argued that increases in house prices redistributed wealth from renters to owner occupiers and from younger generations to older generations. There are clear similarities between these descriptions of changes in wealth and Meen’s model (2013), described earlier, which presents current owner occupiers as ‘insiders’ and renters as ‘outsiders’. Owner occupation provides a clear demarcation between households who have benefitted from increases in wealth due to rising house prices and those who have not been able to access this source of wealth. Meen also suggested that ‘insiders’ may use their increased wealth to purchase additional properties and become landlords. Changes in the profile of landlords tend to support to this suggestion by Meen.

It has already been noted that private renting has been dominated by landlords who own a small number of properties (e.g. DCLG, 2011). Analysis of the Wealth and Assets Survey suggests that landlords “tend to be middle aged (nearly three quarters aged 45-64), married (72%), well educated (two in five have a degree or higher) and disproportionately live in London or the South East (34%)” (Lord, Lloyd & Barnes, 2013, p. 4). Wallace and Rugg (2014) investigated the buy-to-let loan book of one lender and suggested that typical small property portfolios may not be very profitable. There was a wide variation

in the profitability of portfolios depending on the type of stock, household and size of mortgage. However, even poor returns on property portfolios need to be compared to the available alternatives. It is argued that “the turn towards buy-to-let reflects the belief that property outperforms other asset classes, and offers people greater control than other investments. The interest in the sector from private sideline investors also signals the drive towards self-provision or asset-based welfare” (Wallace & Rugg, 2014, p.87).

The growth of owner occupation, supported by the private rented sector, may have been part of a wider ideological programme for UK governments since 1979. This represented a key component of changes in the structure of welfare systems. It was:

“the result of deliberate policy change, from 1979 onwards, aimed at reducing state provision of welfare and collective ownership of wealth... This decline in the collective ownership of wealth and the corresponding rise of personal asset holding is part of a broader shift from collective forms of responsibility and risk through the state to more individual forms of responsibility and risk” (Rowlingson & McKay, 2012, p.1).

The individualisation of welfare and risk is linked to the growing importance of asset-based welfare. McKee (2012) argues that these shifts in welfare systems are closely related to the process of tenure change. This leads on to consideration of households who may not have the assets required to provide for their own welfare needs.

### **2.3.2 Provision of accommodation for low income households**

The rise of asset-based welfare leads to concerns about the housing circumstances of those who are unable to access wealth and remain ‘outsiders’ within the system. The chief executive of the Joseph Rowntree Foundation, Julia Unwin, argued that “this is about more than frustrated aspirations of home ownership from Generation Rent: the reality facing many people is a life below the poverty line because of the extortionate cost of keeping a roof over your head” (Joseph Rowntree Foundation, 2014). Commentator, Will Self, suggested that the growth of private renting is a result of “the forcing of the poor into more expensive private rental accommodation” (2015). These descriptions of the growth of private renting suggest that a wider range of households – particularly those on low incomes – may be affected by this change.

Kemp (2011) used secondary analysis of existing data to investigate the accommodation of low income tenants in the private rented sector. He found that private renters were as likely as social renters to be living in poverty. In addition, private renters were more likely than social renters to be experiencing a range of different problems with their accommodation. These included affordability, stock condition and fuel poverty. Private tenants “also face difficulties in finding and in keeping accommodation while in receipt of housing benefit, despite the extra purchasing power that this income-related payment gives them” (Kemp, 2011, p.1025). This suggests that private renting may provide lower quality accommodation for both tenants living in poverty and some tenants who have higher incomes.

Housing Benefit is clearly playing an important role in the experiences of low income households in the private rented sector. McKay and Rhodes (2010) found that workless and one-earner households had increased fastest in the private rented sector between 1990 and 2005. Private tenants claiming Housing Benefit were “much more likely to have no qualifications, and much less likely to be graduates” (McKay & Rhodes, 2010, p.1). It has been argued that this change in the Housing Benefit caseload will have a profound long-term effect. This is because “with an increasing proportion of welfare claimants accommodated privately, the overall bill for housing benefit payments is set to accelerate” (Chaloner, Dreisin & Pragnell, 2015, p.5). It has been estimated that “total expenditure on housing benefits in the United Kingdom would increase to £197.3 billion by 2065-66” (Chaloner, Dreisin & Pragnell, 2015, p.5). Whilst long-term estimates are highly speculative they provide some indication of the potential financial impact of the structural shift towards the private rented sector amongst Housing Benefit claimants. Long-term Housing Benefit expenditure forecasts assume that private renters will remain in the tenure. Housing pathways approaches can help to illuminate the likelihood of this happening.

Housing pathways have been used to assess the changing role of private renting amongst low-income households, particularly younger people. The aim of housing pathways is to analyse the interaction between the choices made by individuals and the constraints which limit these choices (e.g. Clapham, 2005). This approach was used to investigate the housing options for young people in the UK (Clapham, Mackie, Orford, *et al.*, 2012). Findings from mixed methods research suggest that “three groups of young people are increasingly

marginalised in the UK housing system: young families, those on low incomes and those who are vulnerable due to their support needs” (Clapham, Mackie, Orford, et al., 2012, p. 3). The authors suggest that there should be concern about “the push of these groups towards private rented housing” (ibid) which is likely to provide less security and lower quality accommodation.

A set of wider constraints also operate, particularly the increased privatisation of rental housing. The profound shift in the housing circumstances of low income households includes the growth of private renting, promotion of home-ownership through the right-to-buy and the long term transfer of local authority accommodation to housing associations. There are clear links between changes in social housing and the increased accommodation of low income households in the private rented sector. Households who would have once found accommodation within council housing have been largely divided between private renting, housing associations and owner occupation (through the right-to-buy). Social housing has been problematised – with a particular emphasis on the faults of council housing. The outcome is that “this problematisation process set the climate for a long-term trend for most households including many low income households to bypass the social housing sector in meeting their housing needs and aspirations” (Rhodes and Mullins, 2009, p.111). There is also evidence of active policies which increase the number of low income households in private renting at the expense of social housing. For example, in:

“the UK and Ireland there have been explicit schemes to increase the use of the private sector to house homeless and other low income

households, including ‘homelessness prevention and options’ initiatives in England and rental assistance scheme in the Republic of Ireland. The impact of such policies has resulted in more ‘residual users’ in private rented sector” (Rhodes and Mullins, 2009, p.111).

This suggests that long term reforms of social housing are associated with increased numbers of low income households who are private renters.

In summary, it appears that there are increasing constraints on the housing pathways of those without assets, particularly young people. Privatisation of rental accommodation may increase this further. It has strong associations with the provision of welfare and could lead to a structural increase in Housing Benefit expenditure. Analysis of wealth polarisation, the privatisation of rental housing and the growth of asset-based welfare helps to uncover the scale of the changes associated with the growth of the private rented sector. These changes are more important than a small percentage of households being ‘priced out’ of owner occupation. Instead, the growth of private renting appears to represent a profound shift in the housing system of England. The impacts are not uniform but they represent a structural change in housing, economic and social circumstances.

## **2.4 Summary of existing literature and detailed questions**

In this chapter I have highlighted the limitations of the ‘generation rent’ account of the growth of the private rented sector which emphasises the ‘priced out’ thesis as the primary explanation of this change. ‘Generation rent’ and the ‘priced out’ thesis provide only a partial account of drivers contributing the



growth of private renting in England. In addition, this account fails to recognise the full impact of the growth of the private rented sector on society. The polarisation of wealth and changing accommodation of low income households provide two examples of wider impacts. Analysis of the 'generation rent' account has highlighted a broad range of academic analysis which relates to the growth of private renting. This academic analysis focuses on different aspects of the private rented sector which leads to notable gaps in the literature. Existing academic analysis provides a strong understanding of some aspects of the rapid growth of private renting. The first aspect is that academic analysis highlighted so far provides a strong critique of popular conceptions of the growth of private renting. It highlights the social construction of 'generation rent' as a housing problem and the limitations of the 'priced out' thesis. At the same time, there are a number of studies (such as Meen, 2013) which demonstrate where the 'priced out' thesis might still be of value. Secondly, the academic literature highlights a wide range of additional potential drivers such as the labour market and demographic change. It provides a relatively strong description of some these drivers (e.g. the role of landlords). The identification of the diversity within the private rented sector represents a third strength in the academic literature. It highlights both niches which exist within private renting and the spatial diversity of the tenure. The fourth strength is the understanding of the wider factors which shape the whole of the housing system and the private rented sector within it. For example, it recognises that the ideology of homeownership is likely to shape tenure choices. Finally, academic analysis

demonstrates why the growth of private renting represents an important change within society which is worthy of further consideration.

There are also limitations to the current academic literature relating to the rapid growth of the private rented sector in England. The first is that the literature is relatively disparate. There are few detailed accounts of the overall growth of the private rented sector. This means that the literature is less clear on which drivers have been most influential and how different drivers have interacted to create the outcomes which can be observed. A second limitation is it is not clear how different drivers have combined to create differentiation within private renting. Current academic accounts provide only a partial explanation for the different niches which exist within the tenure. Similarly, analysis which focuses on the national level analysis tends to assume that drivers have a relatively uniform impact across the country. They provide little evidence on the relationship between private renting and “the distinctive micro geography of housing markets” (Crook, Ferrari & Kemp, 2012, p.3359).. Thirdly, understanding of some potential drivers is much less well developed. In particular, there has been very little analysis of the interactions between housing policy and the growth of the private rented sector. Most of the academic analysis of housing policy and private renting precedes the rapid growth. Finally, few of the academic accounts use a sound theoretical framework. Amongst those which are underpinned by theory there are a broad range of approaches.

This thesis will seek to build on existing academic analysis and address the gaps identified. As discussed in chapter one, the overall research question will be:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?

This chapter has demonstrated that there is a clear need to provide a more detailed answer to this question. Popular understandings of the growth of private renting are limited. Taken together, the existing academic literature provides a stronger understanding of the rapid growth of the private rented sector and its importance. However, there are important gaps in knowledge of this trend. In this thesis I will seek to answer three more detailed research questions in order to address these knowledge gaps.

The first gap relates to the interaction between drivers. In order to address this gap I will assess:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

A range of economic and demographic drivers have been identified by the existing academic literature. Thus far, there have been only limited attempts to explain the relative role of different drivers and the interaction between them. In addition, the spatial variation in the impact of drivers has not been fully explored. The existence of different niches within the private rented sector and

their relative size represents the second gap in knowledge. This leads on the second question:

- How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?

There are two elements to this question which should combine to address the gap in the literature. I will seek to provide a more detailed understanding of the variation within the private rented sector and how the growth of the tenure has affected it.

A third gap related to knowledge of the role of specific drivers and housing policy was identified as an area of particular weakness. Therefore, the third research question is:

- What roles have political discourses and policies played in growth of the private rented sector?

This question is more general as there is need to provide an overview of the interrelationships between a range of political drivers and the growth of private renting. Finally, I suggested that there was a need for further analysis of how tenure change occurs and the development of a framework to underpin investigation into this trend. In the next chapter I will assess different accounts of how tenure change occurs and develop an analytical framework for my research. Taken together, the research questions and analytical framework should combine to provide a more detailed and comprehensive explanation of

the factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome.

In summary, the full list of research questions is as follows:

- Overall research question: What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?
- Detailed research questions:
  - Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?
  - How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?
  - What roles have political discourses and policies played in growth of the private rented sector?

## **2.5 Summary of chapter two**

In this chapter I have assessed the most common explanation for the growth of private renting – the ‘priced out’ thesis – in more detail. I highlighted three key aspects to ‘priced out’ thesis: House price increases, affordability of owner occupation and the role of the mortgage market. Taken together, there is evidence shows that the ‘priced out’ thesis is a plausible account of the rapid growth of the private rented sector. However, there are important limitations with both ‘generation rent’ and the ‘priced out’ thesis. These include the failure

to acknowledge the role of a range of other potential drivers for tenure change (particularly the role of landlords), the diversity within private renting, changes in supply and demand across all tenures and the important role played by the ideology of homeownership. More broadly, the 'generation rent' account fails to recognise the impact of the growth of the private rented sector on the polarisation of wealth and accommodation for low income households. Taken together, the evidence in this chapter highlights a clear need for further investigation into the growth of private renting in England. This chapter suggests that 'generation rent' and the 'priced out' thesis provide, at best, only a partial description of the rapid growth of private renting. Academic analysis provides a more detailed understanding of this important change but still contains important limitations. I have identified three sub-research questions which will seek to address these limitations.

# CHAPTER THREE – HOW TENURE CHANGE OCCURS: THEORETICAL APPROACHES

## **3.1 Theoretical descriptions of tenure change**

This chapter moves on to assess different accounts of how tenure change occurs. Only a small number of accounts highlighted in the previous chapter build on a clear theoretical framework. This gap echoes the concerns of Kemeny (1992). He suggested that the academic discipline of Housing Studies is not clearly defined and operates at the margins of a wide range of other disciplines including sociology, geography, economics and architecture. Whilst this can bring the benefits of multi-disciplinary working it can also lead to ‘non-disciplinism’ (Kemeny, 1992). He argued that Housing Studies suffers from “epistemic drift” (Kemeny, 1992, p.16), a process where a subject becomes de-conceptualised and takes on the conceptual frameworks of politicians and practitioners without question. If accounts of the growth of private renting fail to utilise a clear theoretical approach there is a danger that they will adopt the assumptions of ‘generation rent’.

Kemeny proposes two responses to this issue. The first is greater awareness of the contemporary theoretical debates which are occurring across the related disciplines. This theoretical awareness should then be combined with the second response: greater reflexivity from researchers. Together they can create

a “contextualised reflexivity” (Kemeny, 1992, p.17) which can ensure that Housing Studies contributes to and initiates wider theoretical debates. Over twenty years on from Kemeny’s charge of ‘epistemic drift’ there is evidence that housing academics have used a range of theoretical perspectives to seek to explain tenure change. These explanations focus on tenure change as a process of social struggle, the result of complex systems or that it can be understood using the lens of historic institutionalism. They draw on theoretical perspectives including Sociology, the Natural Sciences and Political Studies.

### **3.1.1 Social Struggle**

The first theoretical approach – tenure change as a social struggle – has a long history in the Housing Studies literature. Rex and Moore’s seminal analysis of “race, community and conflict” (1967) utilised Weber’s understanding of society. Specifically, Rex and Moore build on Weber’s “specifications of what we mean when we term economic action, institutional performance or social action” (Whimster, 2004, p.1). Control of domestic property and industrial relations was used to identify different housing classes. Distinct social classes demonstrate “the social structure which is set up by the ownership and control of housing in Birmingham” (Rex & Moore, 1967, p.36). Rex and Moore focused on the area of Sparkbrook and identified “five classes produced by the system of house-ownership and allocation” (ibid):

- The outright owner occupiers
- The council house tenants
- The tenants of whole private houses



- The lodging house proprietors
- The tenants of lodging houses

This classification highlights a system where “competition for the scarce resource of housing leads to the formation of groups very often on an ethnic basis and one group will attempt to restrict the opportunities of another by using whatever sanctions it can” (1967, p.16). Particular attention is paid to the final two groups (lodging house tenants and proprietors) which included a considerable number of recent, non-white immigrants. These immigrants were denied access to owner occupation by conditions imposed by Building Societies who were the primary source of mortgage finance. Access to council and whole private houses to rent privately was limited by racism and a five year residence rule that disqualified newcomers. Council housing was allocated by ‘housing visitors’ who discriminated against immigrants. ‘English’ owners of whole private houses also sought to avoid ‘non-white’ tenants. Instead, recent arrivals found accommodation in lodging houses, often run by other immigrants who had often subdivided larger houses for this purpose. This led to a new form of private renting emerging, a ‘twilight zone’ of lodging houses.

The conclusion of this argument is that “there is a class struggle over the use of houses and that this class struggle is the central process of the city as a social unit” (Rex & Moore, 1967, p.273). Rex and Moore provided a ground-breaking analysis of the way that a new form of private renting developed in a specific context. They describe how the conflicting interests of different groups can lead to changes in housing tenure. Their analysis “marked a key change in the consideration of housing tenure, and in particular the relationship between

housing and broader socio-structural issues” (Ronald, 2008, p.18). However, the analytic framework they used has since been critiqued. For example, this approach has been accused of being culturally deterministic making “grouped assumptions about minorities that rest on culture and behaviour” (Beider, 2009, p.408).

A recent account from Sprigings also draws on Weber and focused on the role of ‘social carriers’. These are defined as “groups of individuals or organizations [which] can develop ideas and mechanisms for bringing about change that meets their needs or ideals” (Sprigings, 2013, p.15). Changes to the financial system in the 1980s altered the interests of the social carriers, particularly mortgage lenders, who subsequently placed greater emphasis on short-term shareholder interests. The interests of these social carriers were now better served by increases in private renting. “Lenders, estate and letting agents, landlords (as a loosely coherent grouping), developers, and government itself (even though it claims to still promote home-ownership through some policies) are acting as the “social carriers” of this fundamental change” (Sprigings, 2013, p.16).

Sprigings provides a useful critique of economic models of the housing market. He argues that the role of ‘fundamentals’, such as incomes and interest rates, is overemphasised and that they do not represent explanatory causes. The description of social carriers as the main driver behind changes in housing tenure is much less convincing. Sprigings notes that Weber’s analysis rejects single explanatory causes. However, he comes close to suggesting that ‘social carriers’ can explain the changes in tenure with little reference to the range of

other drivers that are likely to be involved. For example, it is not clear how social carriers relate to demographic changes such as increases in single person households or students. Taken together, the Weberian accounts of both Sprigings and Rex and Moore highlight the importance of conflict between interest groups which have differential access to resources. But these accounts are not able to incorporate the range of drivers – from individual preferences to the Global Financial Crisis – which have contributed towards the growth of private renting.

### **3.1.2 Systems and complexity**

The system-embedded approach outlined by Stephens (2011a) (discussed in section 1.3) provides an example of a framework which is better able to incorporate a range of different drivers operating at a local, national and global level. This theoretical approach underpins the account of the growth of private renting by the same author which was highlighted in chapter 2. His approach suggests that individual housing policies should be considered within the context of the housing system. This means that “the way that housing policies interact with public and private institutions... form the housing system in which policy operates” (Stephens, 2011a, p.347). The next step in this model is to consider how housing systems are embedded in wider social and economic systems such as social security or taxation systems. Stephens uses this approach to critique what he terms the ‘Oswald thesis’: that there is a strong correlation between rates of owner occupation and levels of unemployment at a national level. The proposed cause of this correlation is that “owner occupiers have higher transaction costs than do renters, and this causes a mismatch

between people and jobs, by deterring labour mobility” (Stephens, 2011a, p.348). Stephens argues that the major flaw of this hypothesis is the failure to understand the complexity of housing tenure or situate it within the wider economic and social systems.

The system-embedded approach outlined by Stephens draws on a wider literature which originates from the natural sciences and is used to explain complex systems. It has been argued that “this framework holds that all human activities are embedded in social, economic, political and ecological systems... There are also different levels nested within these sub-systems stretching from the global to local ” (Ramalingam, 2013, p.262). This type of approach draws on analysis of social-ecological systems by economists such as Ostrom (2007). She developed a multi-tier framework for analysing how these types of system interact to produce different outcomes. Another popular account comes from Beinhocker who asks “how do the behaviours, relationships, institutions and ideas that underpin an economy form and how do they evolve over time” (2007, p.80)? His approach starts from understandings of non-human systems such as weather patterns, whirlpools or insect behaviour. These complex systems consist of “many dynamically interacting parts or particles” (Beinhocker, 2007, p.18). The interaction of these parts leads to the emergent properties of the system. However, if the smallest unit in a system is an agent (which can change its behaviour) the system is given a particular categorisation: a complex adaptive system. This approach is used to describe how macro-patterns in a system can be the results of the emergent properties of micro-level behaviours

and interactions. It also helps to explain how linear change can occur through a process of bifurcation.

These different approaches to systems and complexity can provide several benefits in understanding tenure change. They provide a more developed account of the impact a range of levels – acting from the local to the global – on the process of tenure change. These approaches also provide a stronger account of the interaction between individual agents and wider social processes. Non-human actors (e.g. housing stock) can be incorporated into this type of account. This overcomes a perceived weakness in housing research which has tended to focus on “human actors and policy” (Jacobs & Gabriel, 2013, p.218) at the expense of objects which can act as “agents in their own right” (Jacobs & Gabriel, 2013, p.214). Finally, these accounts emphasise the role of institutions in managing tenure change, particularly in mediating the relationship between individuals and wider systems. However, it could be argued that approaches based on systems and complexity are overly generalised and have not yet provided an account that specifies how different drivers interact to cause tenure change. Whilst, this approach could be act as the basis for an account of tenure change it is likely to struggle to incorporate particular types of drivers such as the role of housing policy or ideologies of homeownership.

### **3.1.3 Historic institutionalism**

A more detailed model of tenure change has been developed by Lowe (2011). He draws on the theoretical framework of new institutionalism, specifically the sub-set of historic institutionalism, to provide a framework for understanding

tenure change in the housing system. The seminal description of historic institutionalism comes from Thelen and Steinmo who describe it as an approach with a particular emphasis on issues of “historical contingency and path dependency” (1992, p.2). They suggest that historic institutionalism is attempting to “illuminate how political struggles are mediated by the institutional setting in which they take place” (Thelen & Steinmo, 1992, p.2). Institutions act at a meso-level as intermediaries between macro-level forces, such as globalisation, and the micro-level of individuals. Change is viewed as ‘punctured equilibria’ which breaks the stability of an institution which is largely created at its inception. A relatively broad definition of institutions is used which encompasses “the whole range of state and societal institutions that shape how political actors define their interests and that structure their relations of power to other groups” (Thelen & Steinmo, 1992, p.2). This definition includes both formal structures, such as a government and legal systems, and less tangible structures such as a social class. These less tangible aspects include “institutions as rules and procedures” (Peters, 2012, p.74).

Lowe uses historic institutionalism to describe the process of tenure change. He identifies a range of housing institutions which include “‘council housing’, estate agents, private landlords and their organisations, house-builders, tenancy arrangements and building societies” (Lowe, 2011, p.8). In relation to private renting, he argues that “‘housing tenure’ is a key endogenous institutional structure of housing policy” (Lowe, 2011, p.10). Changes in the housing system over the last century are “not a random collision of factors, but build up through the interplay of existing institutions, new power bases, the shock of two massive

wars and the impact of globalisation” (Lowe, 2011, p.11). The roles of political and social institutions are fundamental in the changes to the housing system during the twentieth century.

In his model, Lowe argues that housing has particular institutional features which are different to other areas of social policy. The first area is the dependence on up-front capital investment in housing which, it is argued, makes it more vulnerable to spending cuts. This is because other areas of public expenditure, such as health and education, are largely made up of salary costs. These are harder to cut as it involves redundancies which are opposed by strong interest groups. “Long patterns of change” (Lowe, 2011, p.10) in housing are a second aspect of the institutional structure. Change only occurs slowly apart for occasional shocks. Housing is subject to “long, historical and culturally embedded forces [which] are quite path dependent and not easily changed” (ibid). Even major structural changes, such as the right-to-buy, take many years to have their full impact. This gradual change can then be contrasted with a third aspect of housing institutions: “legislative attention span” (ibid). Most politicians are focused on relatively short time periods, such as the maximum of five-year term of a Westminster government. It is unusual to see major changes in the housing system within this time frame. From these building blocks Lowe provides an account of the changes in tenure over the last hundred years.

The strength of Lowe’s account is that it provides serious consideration of the continuities which have occurred over time. It also builds on Kemeny’s work to describe how ideology and policy are mediated by a variety of institutions at the

meso-level. There are a number of areas where Lowe's framework is less able to account for changes that have occurred in the private rented sector, particularly the recent growth. Several problems appear to be inherent within historic institutionalism. Peters (2012) questions the account provided by historic institutionalism in a number of ways. The first is that the definitions provided for institutions are too vague, ranging from formal structures to ideas. This criticism could be applied to the definition of housing institutions provided by Lowe. Secondly, Peters suggests that the emphasis on path dependency underestimates the importance of agency. A third issue is that Peters suggests historic institutionalism is in danger of falling into the "trap of apparent immobility" (Peters, 2012, p.77). Historic institutionalism appears better able to explain the continuities of tenure patterns rather than the discontinuities. It is less able to predict when a 'punctured equilibria' will lead to tenure change. Several of these difficulties are addressed by more recent updates to historic institutionalism. For example, Thelen highlights "how institutions can change incrementally and over time" (Thelen, 2009, p.492). This framework is used by Kemp to describe the process of change which occurred in relation to the introduction of Assured Shorthold Tenancies by the Housing Act 1988. He suggests that this is an example of 'layering' "whereby new institutions or rules are introduced on top of existing ones" (Kemp, 2015, p.4). This legislation introduced Assured Shorthold Tenancies only for new lettings and left the existing legal framework in place for current tenants. Over time the number of tenants on the pre-1988 regulated tenancies declined and those on the new Assured Shorthold Tenancies increased. This slowly resulted in a



transformation of the “institutional rules, everyday practice and meaning of ‘private renting’” (Kemp, 2015, p.5). This example highlights a key strength of historic institutionalism in the ability to “look beyond the intersection of supply and demand to explore the wider context within which those forces operate” (Kemp, 2015, p.2). It provides a strong explanation for one aspect of the process of tenure change. In summary, historic institutionalism provides a useful analytical tool but this approach can fail to adequately define what is meant by ‘institutions’.

These examples show that social struggle, systems thinking and historic institutionalism are all able to illuminate aspects of the process of tenure change. Rex and Moore (1967) provide a clear account of the role of social struggle in the creation of new forms of private renting in Birmingham during the 1960s. The system-embedded approach described by Stephens highlights the need to situate tenure within a range of wider social and economic systems. This type of approach also highlights the need to incorporate non-human actors – particularly housing stock – within descriptions of tenure change. Historic institutionalism can help to illuminate both the macro and micro processes of change. Lowe’s provides a clear account of the critical junctures that have led to tenure change over the last century. In addition, Kemp has highlighted incremental changes in institutional arrangements which have gradually transformed private renting. The next section focuses on whether it is possible to combine the lessons of these different theoretical approaches.

### **3.2 Housing as a field: a unifying theory of tenure change?**

A range of different theoretical positions are useful in illuminating the process of tenure change but can these be synthesised? Synthesis of different approaches might provide the opportunity to unite their strengths whilst avoiding their weaknesses. There is some overlap between descriptions of change that focus on social struggle, systems and institutions. For example, Rex and Moore's (1967) account incorporates the changing role of institutions such as local authorities and building societies in mediating access to resources. Accounts that draw on historic institutionalism recognise that "institutions are typically nested within, or interact with, other institutions" (Kemp, 2015, p.2). However, there are also areas where these theoretical positions diverge. For example, descriptions of social struggle would tend to focus on structural drivers of tenure change. Systems and complexity approaches would emphasise change as an emergent property of the behaviour of and interaction between individual agents. This suggests that these approaches cannot be simply added together to form one unified explanation for tenure change. Consideration of additional approaches may be useful in drawing together some of the strengths of different positions which have been identified. The concept of 'fields' may provide the best opportunity to integrate aspects of these different positions. Two different descriptions of fields may be particularly useful. These are Bourdieu's description of house building in France and the use of strategic action fields (Fligstein & McAdam, 2011) to account for changes in the mortgage market.

### 3.2.1 Bourdieu and house building in France

In 'the social structures of the economy' Bourdieu (2005) provides an account of the market for new housing in France. It draws on the key concepts which appear in his work. These concepts form a 'theory of practice' which was designed to overcome the perceived limitations of existing sociological approaches, particularly the divide between structure and agency (Grenfell, 2008). Bourdieu proposed that "the outcome of the social issue... depended on a whole series of personal and textual conditions; and the best way of thinking about this question was not in terms of a rule or personal choice but strategy" (Grenfell, 2008, p.44). These "conditions" are specified by Bourdieu so that:

"[(habitus)(capital)] + field = practice" (Maton, 2008, p.51)

Therefore, a social practice can be conceived of as the relationships between three of the key terms used by Bourdieu: habitus, capital and field. Each of these terms have contested meanings and are not straightforward to define. Habitus can be applied to a range of social agents including individuals, households or institutions. It

"focuses on our ways of acting, feeling, thinking and being. It captures how we carry within us our history, how we bring this history into our present circumstances, and how we then make choices to act in certain ways and not others" (Maton, 2008, p.52).

Habitus is the generative process that underpins practices. It is durable but not fixed and will evolve, although often slowly.

Bourdieu highlights four different types of capital which can be held and accumulated by social agents. These are economic (such as money and other forms of wealth), cultural (knowledge, language and taste), social (networks, family and religion) and symbolic (representations of other forms of capital including social standing) (Thomson, 2008). Different social agents are competing to accumulate and preserve different forms of capital within a field. There are obvious parallels to the Weberian accounts identified earlier in this understanding of social agents competing for capital. The housing pathways of young people in Amsterdam highlight the usefulness of this approach in relation to tenure change. It has been argued that young people are increasingly moving away from simple, linear housing pathways to more chaotic ones.

Hochstenbach and Boterman (2014) used Bourdieu's conception of capital to identify the range of resources available to young people as they seek to access accommodation. This leads to a process where "young people make use of various forms of capital to gain access to specific sections of the housing market" (Hochstenbach & Boterman, 2014, p.1). They argue that "young households can either follow a chaotic pathway deliberately and relatively successfully or become trapped in a chaotic pathway" (ibid). This research from Amsterdam helps to provide a useful example of capital as a basis to understand the difficulties faced by some young households in relation to the private rented sector.

Bourdieu's concept of a field may also be useful in explaining the process of tenure change. The concept of field is described using three different analogies: a football field, a science fiction force-field and a physics force field. Football

fields are “a boundaried site where a game is played” (Thomson, 2008, p.68). Within this boundaried site there are players who have a set position and play with specific rules. The game is affected by the “physical condition of the field... [which] has an effect on what the players can do and thus how the game can be played” (Thomson, 2008, p.68). A science fiction force field denotes a social space which is self-contained and separated. Force fields in physics describe spaces where objects exert forces on each other. These forces are often acting in opposition. The social world is made up of numerous fields of different sizes and levels.

“Bourdieu’s own explications of field often involved four semi-autonomous levels: the field of power, the broad field under consideration, the specific field and social agents in the field as a field in themselves. This foursome can be seen in the study of housing with the field of power, the economic field, the housing field and the field of the firm” (Thomson, 2008, p.79).

In summary, “practice results from relations between one’s dispositions (habitus) and one’s position in the field (capital), within the current state of play of that social arena (field)” (Maton, 2008, p.51). Understanding a changing practice requires an understanding of the evolution of habitus, the evolution of social fields in which they are situated and the interrelationships with capital.

Bourdieu uses the housing market in France to describe how these concepts can be applied. He argues that:

“economic choices in respect of housing, whether to buy or to rent, whether to buy an old house or a new one... depend on the one hand on the (socially constructed) economic dispositions of the agents – particularly on their tastes – and on the other, on the state of supply of dwellings” (Bourdieu, 2005, p.15).

These two concepts – supply and demand - are the basis of neoclassical economic theory. However, Bourdieu argues that both are socially constructed and dependent on “economic and social conditions produced by ‘housing policy’” (Bourdieu, 2005, p.15). The impact of the state on the housing market is largely through regulation and subsidy. So that:

“the market in single-family homes is... the product of a twofold social construction to which the state contributes crucially: the construction of demand, through the production of individual dispositions and, more precisely, of systems of individual preferences – most importantly regarding owning or renting... [and] the construction of supply” (Bourdieu, 2005, p.16).

‘Housing policy’ is able to guide the financial and emotional investments that individuals and households make. Bourdieu describes this process with reference to the reduction of funding for construction of low cost housing in France. This had the effect of redirecting households who might have rented towards owner occupation. In addition, demand can only be satisfied within particular social conditions including building regulations and planning permission. Therefore, in order to understand the housing market it is

necessary to describe “the structure of the field of production,...the structure of the distribution of economic dispositions... and also the social conditions of the structure of this particular field” (Bourdieu, 2005, p.17).

Bourdieu offers a strong critique of purely economic accounts of housing, arguing that it is much more important than “a mere capital good” (Bourdieu, 2005, p.20). He views all actors as having an impact on the nature of the field so that the dispositions or habitus of individuals “contribute to the constraint to which they are subject” (Bourdieu, 2005, p.22). These social agents are engaged in a struggle for different forms of capital within a socially constructed field. The strategies of the social agents within this struggle are “oriented by the constraints and possibilities built into their position” in the field (Bourdieu, 2005, p.199). Whilst the focus of this account is on national fields, it also highlights the role of the “global economic field” which is particularly important in relation to financial capital.

The theoretical approach described by Bourdieu provides a rich and detailed account of a housing market which draws together economic, social and political drivers into a unified framework. His account takes seriously the lived experience of individuals within the housing system. At the same time, this approach also seeks to understand how macro-economic and political structures bound those individual experiences. However, the focus on ‘housing policy in Bourdieu’s account may underplay the role of other types of policy, particularly macro-economic policy. It has also been argued that his work provides a stronger account of social stability than change. Fligstein and McAdam (2011) suggest that Bourdieu’s conception of the stability of fields

provides a basis for understanding the process of social change. They suggest that a deeper critique is that Bourdieu's work emphasises how individuals act within a field but does not give a wider account of collective action. Fligstein and McAdam describe themselves as "intensely sympathetic" (2012, p.xiii) to Bourdieu but have sought to rectify this perceived difficulty. They have developed a different account of the nature of fields which they term 'strategic action fields' (2011, 2012).

### **3.2.2 Strategic action fields and mortgage markets**

Strategic action fields represent an ambitious attempt to draw together different theoretical ideas from political sociology, organisational theory, economic sociology, organisational theory and historic institutionalism (Fligstein & McAdam, 2012). Fligstein and McAdam argue that all of these disciplines are working with a shared core understanding of social reality and social action. As scholars in these disciplines have grappled with the tension between structure and agency, they have become "concerned with how some actors work to set up stable meso-level social worlds" (Fligstein & McAdam, 2012, p.7). It is analysis of this meso-level which is best able to explain the apparent contradiction between stability in some aspects of social life and the rapid changes that are occur in other areas. To address this apparent contradiction, Fligstein and McAdam offer "a general theory of social change and stability rooted in the view of social life as dominated by a complex web of strategic action fields" (2012, p.8). This theory argues that:

"stability is relative and even when achieved is the result of actors working very hard to reproduce their local social order. That is, even



under generally stable conditions, actors are engaged in a constant set of adjustments that introduce change into socially constructed worlds” (Fligstein & McAdam, 2012, p.7).

Fligstein and McAdam describe seven different components which make up the theory. The first component is a definition of strategic action fields as “fundamental units of collective action in society” (2012, p.9). Individuals “with various resource endowments vie for advantage” (2012, p.10) within these socially constructed fields. The boundaries of these strategic action fields can change rapidly and are not fixed. Instead their structure is constantly being socially constructed and is dependent on shared understandings within a field. These shared understandings consist of a consensus view of the nature of the field, differential levels of power for different actors, understanding of shared ‘rules’ and an interpretative frame which allows actors to make sense of the actions of others. Fligstein and McAdam suggest that this conception of shared understanding allows for “constant jockeying” between social agents which creates incremental change. The amount of consensus in a field can vary on a continuum from a high level of consensus in a settled field to very little in an unsettled field.

The second component of the theory is that fields are composed of incumbents, challengers and governance units. Incumbents are social actors who derive more benefit from the field, have more influence and whose views are more widely agreed upon. Challengers have less influence but may not necessarily be in open conflict with the incumbents. This is partly due to governance units whose role is to keep the field functioning according to shared rules.

Governance units are distinct from external structures such as legal systems and often benefit incumbents more than challengers. Strategic action fields are maintained through a mixture of competition, Coalitions and co-operation.

The concept of social skill is the third component of the model and describes the way that individual actors behave in social spaces.

“Social skill highlights the way in which individuals or collective actors possess a highly developed cognitive capacity for reading people and environments, framing lines of action, and mobilizing people in the service in broader conceptions of the world and of themselves” (Fligstein & McAdam, 2012, p.17).

The fourth component of strategic action fields is an understanding of the broader field environment. All strategic action fields are embedded in a wider environment consisting of other fields of different sizes. Some of these fields are distant and have little impact whilst others are proximate and have strong links to a given field. It is argued that “the stability of any given field is largely a function of its relation to other fields” (Fligstein & McAdam, 2012, p.19). This leads on to the fifth component: exogenous shocks. These shocks can often destabilise a field and result in a period of contention. The sixth component – episodes of contention – are defined as a period of increased discord within a field. Shared rules and understandings can be challenged creating a sense of uncertainty or crisis within a field. Finally, when this contention is resolved there will also be periods of settlement when there is “once again consensus about

the relative positions of incumbents and challengers” (Fligstein & McAdam, 2012, p.23).

Fligstein and McAdam illustrate their theory in relation to the mortgage market in the USA. Changes in the housing field are described through changes in the mortgage field which is situated within it. The mortgage field was relatively stable for several decades after the Second World War. Up until 1975:

“the strategic action field for mortgages was dominated by local savings and loan and commercial banks that took deposits from their communities, knew the people they loaned money to and held on to the mortgages over the life of the mortgage” (Fligstein & McAdam, 2012, p.144).

This changed due to exogenous shocks creating a period of contention which altered the mortgage strategic action field. These shocks included the need to increase the supply of mortgages to accommodate the post-war baby boom and economic stagnation of the 1970s which led to higher mortgage interest rates. The major challengers in the mortgage field, the government-supported mortgage providers such as Fannie Mae, expanded to take over the market share of the previous incumbents, the savings and loans companies. Fannie Mae and other government sponsored mortgage providers came to dominate the field creating new rules and influencing its internal governance. Various banks also entered as new challengers and gradually created a mortgage field which was stable until the onset of the Global Financial Crisis. This represented another period of contention which is still on-going.

It is argued that this approach highlights a number of important aspects of any field. These include:

- the purpose of the field
- key field actors and their role within the field
- the rules that operate in the field
- the external fields that are important
- the internal governance of the field.

Taken together, these different aspects show the strengths of the approach described by Fligstein and McAdam, particularly the detailed description of meso-level of social organisation. Strategic action fields are capable of explaining both stability and change in social systems which is important when considering changes in the private rented sector. Individual actors are also understood to engage in co-operation and coalition rather than just competition. This provides a more nuanced account than those which focus only on social struggle. However, there is a particular issue which both strategic action fields and the work of Bourdieu share. They both tend towards an anthropocentric approach to understanding social change. Their emphasis on social construction can lead to failing to adequately describe the role of non-human factors such as housing stock.

In summary, both Bourdieu's account and strategic action fields help to incorporate some of the key features of tenure change. The first is the tension between stability and change within private renting. It is clear that there are continuities within the private rented sector which are challenged by both

incremental and rapid change. Secondly, the use of fields helps to address the division between accounts which focus on structure or agency. Bourdieu, in particular, helps to explain the inter-relationships between individual actions and a range of social structures. The account provided by strategic action fields includes social struggle alongside co-operation and collaboration. A third benefit of fields is that they help to situate and explain the role of institutions. This allows the insights of historic institutionalism to be placed in a wider context that incorporates a range of additional drivers for change. Finally, this kind of theoretical approach helps to create a model of nested fields which incorporates many of the strengths of system and complexity thinking.

Unfortunately the two approaches to fields described here are not without problems. There are important differences in their approaches and neither provides a complete model which can be easily applied to private renting in England. These two approaches to fields are meant to be complimentary but actually lead to quite different types of analysis of how tenure change would occur. They are also likely to lead to explanations which focus on human agents at the expense of other types of drivers such as housing stock. In relation to my research questions it is also apparent that neither of these approaches is easy to operationalise as a basis for additional research. This leads to a position where fields may provide a partial synthesis of some of the theoretical approaches outlined in this chapter. However, fields are unlikely to provide a clear theoretical framework to investigate my research questions.

### **3.3 Revisiting historic approaches to tenure change**

Assessing a range of different approaches to tenure change provides some important lessons. It helps to illuminate some of the key features of how tenure change occurs. However, there are limitations with each of the accounts highlighted in this chapter. Figure 11 provides a summary of the strengths and limitations of the different approaches identified. It is not surprising that each different theoretical position has both strengths and weaknesses. However, it appears that none of these approaches has been able to provide an overarching theoretical framework to explain the growth of private renting as a broad process. The current approaches are strongest at explaining particular aspects of the growth of the private rented sector. Given these limitations it is worth revisiting one of the accounts of the earlier decline of the private rented sector discussed in section 1.4.

*Figure 11: Summary of theoretical approaches to tenure change*

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Social struggle</b>	Critiques purely economic models of tenure change. Highlights the importance of conflict between interest groups over limited resources.	Fail to incorporate the full range of drivers contributing to tenure change.  Fail to account for collaboration and co-operation.
<b>Systems and complexity</b>	Include a range of levels – acting from the local to the global.  Account for interaction between individual agents and wider social processes.  Non-human actors can be incorporated into this type of account.	Tends towards overly generalised descriptions.  Have not yet provided an account that specifies how different drivers interact to cause tenure change.  Struggle to incorporate particular types of drivers such as the role of housing policy or ideologies of homeownership.
<b>Historic institutionalism</b>	Describes how ideology and policy are mediated by a variety of institutions.  Provides wider context within which supply and demand operate.  Can account for critical junctures and incremental changes.	Definitions of institutions can be problematic being either too narrow or generalised.  May underestimate the role of agency.
<b>Fields</b>	Incorporate benefits of other perspectives.  Addresses the division between structure and agency.  Help to situate and explain the role of institutions.	No agreed definition of fields – different approaches from Bourdieu and strategic action fields.  Difficult to operationalise into a research project.

Allen & McDowell (1989) focused on the role of landlords and property in relation to the decline of private renting. Their theoretical approach may be particularly relevant as they seek to interrogate the relationship between 'explanation' and 'housing change'. They argue that "if the objects and the questions asked of them are different, then the modes of explanation employed may not be directly comparable" (Allen & McDowell, 1989, p.3). This helps to explain the differences in the theoretical explanations examined above and the conclusion that none is likely to be entirely suitable for my research questions. The theoretical approaches highlighted earlier are seeking to answer questions which are different to mine. Therefore, it may be more fruitful to seek to identify academic literature which has sought to address similar questions to those that I wish to investigate.

The work of Allen and McDowell itself provides an example of a research project which has sought to investigate questions which are similar to mine. Their focus was slightly different as they sought to assess the role of the landlords and property in the decline of private renting. However, a number of important commonalities emerge in relation to my research questions. The basis of their approach was that in order to understand "why the private rented market has changed in certain ways requires an understanding of what it is about the market, that is, those who constitute it, that enables particular processes of change... to occur" (Allen & McDowell, 1989, p.4). In addition, their approach focused on close examination of the research object. This was designed to highlight "the different types of relations between landlords and tenants, their economic character, their political form, and their ideological



complexion” (Allen & McDowell, 1989, p.4). In order to achieve this, Allen and McDowell adopted a realist approach which drew on the work of Bhaskar (1979).

The realist approach led to a particular theoretical and methodological approach. They sought to link the “particular to the general” by explain the “general decline of the private rented market... without losing sight of the particular form that the processes have taken in different local housing markets” (Allen & McDowell, 1989, p.ix). This means that:

“one of the attractions of working within a realist framework in investigating the changing structure of the private rented market is that this framework allows for, indeed is based on the assumption, that general processes of change will take particular forms in different places” (1989, p.7).

Their realist approach also led to a methodology that sought to bridge the divide between general processes of change and specific instances. It utilised classification, specific case studies and discussion of more general processes of change. There are clear links between the types of questions that Allen and McDowell sought to investigate and those that I have outlined. The first similarity is the desire to consider how the roles of a range of different types of drivers (including political and ideological ones). Secondly, the sought to assess how these drivers interacted to create specific configurations of the private rented sector. This led on to the third similarity, which was their emphasis on both the spatial variation and the niches within the tenure. This led me to use

the realist approach outlined by Allen and McDowell as a basis for developing my own framework. Chapter four describes this in greater detail.

This approach was not without its difficulties. The authors identified three potential issues and the first was the danger of over ambition. If the research object was too broad then it would be difficult to come up with findings that could provide a detailed explanation. Secondly, there was concern about the difficulty of synthesis. The roles of different drivers cannot simply be added together. Instead, the interactions between them may vary in different places and must be fully considered. A third difficulty related to the types of explanation which might be possible. Explanation must seek to work from the specific to the general as “places are the crucible... of causal change” (Allen & McDowell, 1989, p.9). Even recognising these potential issues, the commonalities between their research questions and mine suggests that a realist approach could provide a strong basis for my own research. I will seek to reflect on the possible benefits of this approach and potential difficulties as I move on to consider methods and methodology in the next chapter.

### **3.4 Summary of chapter three**

‘Generation rent’ provides an under theorised account of the rapid growth of the private rented sector. Analysis of a range of theoretical descriptions of tenure change provides a much more detailed understanding of this process. Social struggle, systems and complexity, and historic institutionalism all illuminate key aspects of the process of tenure change. Descriptions of housing as a field from Bourdieu and strategic action fields (Fligstein and McAdam) move some way

towards integrating the different theoretical understandings of tenure change.

Each different theoretical position has both strengths and weaknesses.

However, it appears that none of these approaches has been able to provide an overarching theoretical framework to explain the growth of private renting as a broad process.

In response to this issue I re-examined one of the explanations for the earlier decline of the private rented sector. Allen and McDowell suggest that the process of explanation is closely associated with the research questions being investigated. Therefore, it is not surprising that there is none of the theoretical frameworks discussed fit with my research questions. The realist approach described by Allen and McDowell appears to provide a useful basis to begin developing a framework to underpin my research. In the next chapter I move on to assess the methodological considerations that will be needed to underpin more detailed research into the drivers for the growth of private renting. This will begin with an analytical framework which draws on the realist approaches outlined earlier.

# CHAPTER FOUR - INVESTIGATING TENURE CHANGE: ANALYTICAL FRAMEWORK AND METHODOLOGY

## **4.1 Analytical framework**

### **4.1.1 Levels at which different drivers operate**

In this chapter I will consider how the research questions identified earlier can be operationalised into a research project. I will begin by developing an analytical framework to underpin the research. This leads on to discussion of the detailed research questions which will be addressed in the following chapters. Ontological and epistemological issues arising from this research are then discussed in section 4.2. This leads on to a realist approach to research design in section 4.3 and I outline a multi-method approach in section 4.4. The chapter concludes with a brief overview of the sequencing and methodologies which will be utilised in the following chapters (section 4.5). More detailed discussion of specific methodologies will then form the beginning of subsequent chapters which highlight the research findings.

The academic literature discussed in chapter two highlighted important limitations with the 'generation rent' account. However, this literature has notable gaps which mean that there is still a need to ask:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?

Discussion of theoretical approaches in the previous chapter concluded that explanation should be closely linked to research questions. The similarities between my research questions and those investigated by Allen and McDowell (1989) suggest that their realist approach is worthy of further investigation. Allen and McDowell (1989) utilised the early work of Bhaskar but some more recent developments in realist approaches may also be useful. These developments proved useful in creating an analytical framework to underpin my research into the rapid growth of private renting.

There are two difficulties with investigating the growth of private renting which a good analytical framework should help to address. The first is the number of different drivers which are likely to have contributed to this growth. It is clear that a wide range of different types of drivers are involved in the process of change within the private rented sector. The previous chapters have highlighted potential drivers including demographic trends, housing policy, changes in the mortgage market and labour market (e.g. Stephens, 2011; Crook & Kemp, 2014; Meen, 2013). Secondly, these drivers are operating in different contexts. Likely drivers for the growth of private renting range include those operating at a global level through to those at an individual level. The global level would include financial flows which impact upon the mortgage market (e.g. Kennett, Forrest & Marsh, 2012; Miles, 2011). At the other end of the spectrum there is the relationship between the growth of private renting and the preferences of

individuals relating to housing tenure (Bourdieu, 2005; Wallace, 2010). The tension for any research methodology is in trying to integrate these levels.

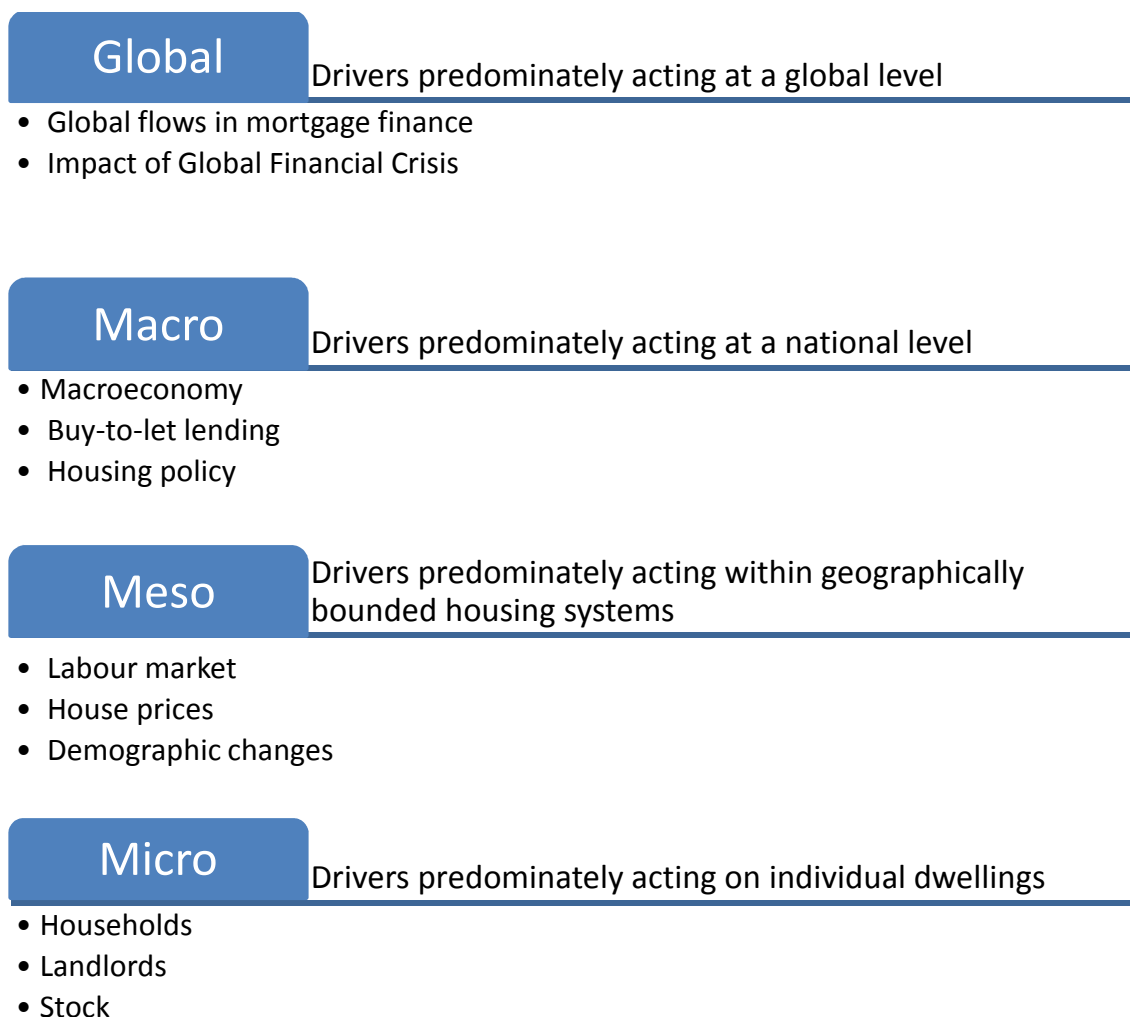
Realist approaches have also highlighted the difficulty of investigating drivers operating at different levels from the individual to the global. The growth of private renting appears to provide an example of “the interplay of mechanisms (or forms of causality), contexts and effects at distinct levels of reality” (Bhaskar & Danermark, 2006, p.289). A critical realist approach developed by Bhaskar and Danermark suggests that there are “distinct levels of agency and collectivity with which the social sciences might be concerned” (ibid). These levels help to identify the context in which different drivers are operating. It provides a means of investigating and explaining the differential impacts of drivers. They identify seven distinct levels:

- “the sub-individual psychological level...
- the individual or biographical level...
- the level of micro- and small-group analysis...
- the meso level concerned with the relations between functional roles...
- the macro role typically oriented to such relationships in “whole societies”...
- the mega level primed for the analysis of civilizations and traditions...
- the planetary level” (Bhaskar & Danermark, 2006, p.289)

These distinct levels of reality can be applied to research into the growth of private renting.

It is worth considering how this framework from Bhaskar and Danermark fits with the growth of the private rented sector. The seven levels of analysis from Bhaskar and Danermark could be used to create a model where different types of drivers are operating at seven different levels of analysis. However, a framework with so many levels would be difficult to operationalise for this research project. In order to create a usable analytic framework I have simplified this approach to highlight four key levels at which different drivers are likely to operate. This framework can be seen in Figure 12 which identifies global, macro, meso and micro levels of analysis. The global level highlights drivers which act across many housing systems. Global financial flows are likely to be the most relevant to this research. This level would also include events such as the World Wars which have proved to be critical junctures in the tenure structure of the English housing system (e.g. Lowe, 2011). The macro-level incorporates a range of economic, social and political drivers which operate predominantly at a national level. These would include macroeconomic policies (e.g. Bank of England interest rates), legal structures (Assured Shorthold tenancies) and government policies (e.g. right-to-buy) as examples of drivers which operate across the whole of England. The meso-level highlights drivers which only operate in specific, geographically bounded housing systems. This would include the housing strategies of particular local authorities which have different approaches to social housing allocations (Mullins & Murie, 2006).

*.Figure 12: Levels of analysis for drivers of private renting*

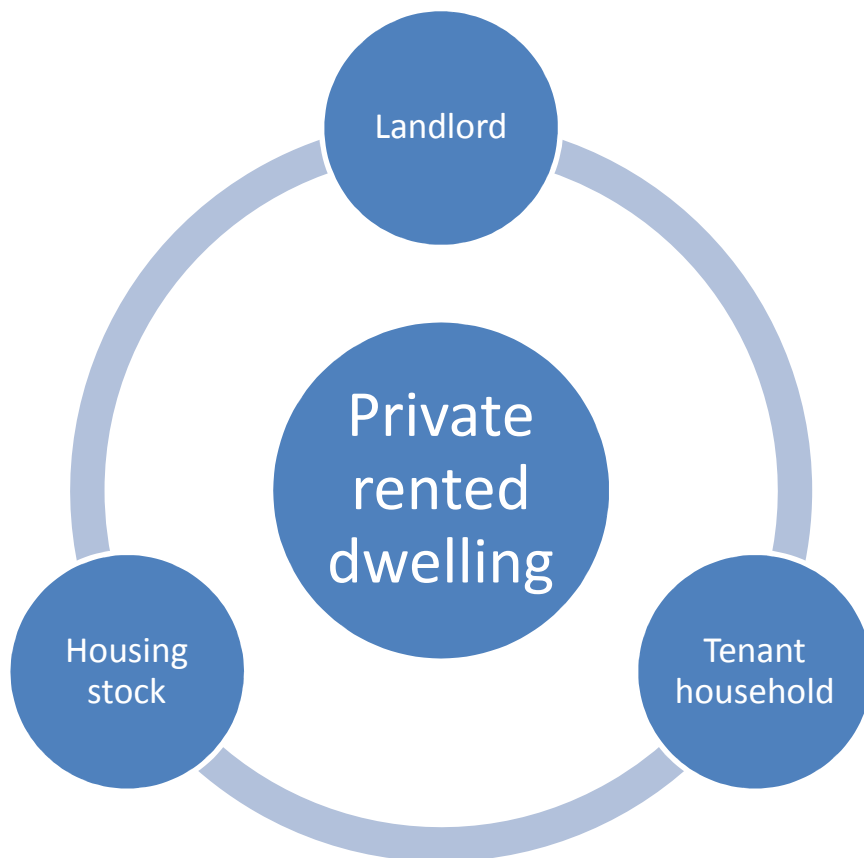


The micro level is the smallest level of analysis within this framework and is described in more detail in Figure 13. I conceive of the individual dwelling as consisting of three main parts: the tenant household, the landlord and the dwelling stock. This draws on my working definition of private renting which emphasises the relationship between the landlord and tenant as the basis for understanding this tenure. It also recognises the role of the housing stock as an additional agent. The legal framework or tenancy structure provides a means of



mediating the relationship between these three agents. It would be possible to create additional levels of analysis which investigate the tenant household and landlord in greater detail. This analytical framework helps to identify the possible areas of research into the drivers for the rapid growth of private renting. It focuses more on the mid-levels of collectivity and agency. This follows Fligstein and McAdams (2011) suggestion that these levels are best able to explain the apparent contradiction between stability in some aspects of social life and the rapid changes that are occur in other areas. In the next section I move on to consider the relationship between the framework and the detailed research questions.

*Figure 13: Micro-level structure of individual dwellings*



#### **4.1.2 Research questions and methodology for subsequent chapters**

My analytical framework provided a basis for investigating the overall research question and addressing the difficulty of examining a diverse range of drivers operating at different levels. Chapter two identified existing analysis of different drivers. For example, there has been considerable research on economic drivers acting at a national level and the impact of buy-to-let on the supply of private rented accommodation. However, there were also notable gaps in understanding the rapid growth of private renting. I identified three additional research questions which are designed to address these gaps in evidence.

The first gap related to the interaction between drivers. In order to address this gap I will assess:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

Existing literature has assessed the impact of economic drivers acting at a national level (e.g. Meen, 2013). This level of analysis can be useful but the analytical framework highlights the role of economic and demographic drivers at a more local level. For example, there is clear evidence of diverse patterns of house prices, labour markets and demographic change in different meso-level housing systems. The research of Houston and Sissons (2011) on private renting between 1991 and 2001 supports this suggestion. They highlight the geographic differentiation in the impact of drivers and the subsequent role of the private rented sector. My first question sought to investigate the ways that

different drivers have interacted at this meso-level and whether it was possible to identify any particularly influential drivers.

The relative size of different niches within the private rented sector and their relationship with the growth in the tenure represents the second gap in knowledge. This leads on the second question:

- How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?

Current knowledge of the different niches within private renting has notable limitations. It is not clear whether growth in the tenure has been uniform across niches or whether some have increased more rapidly. This issue intersects with the meso-level highlighted within the analytical framework. It is likely that drivers have combined in different ways across meso-level housing systems. For example, the work of Rex and Moore (1967) highlighted how particular drivers combined in Birmingham to support development of new private rented niches. The type of housing stock in Birmingham meant that the process of change in the city was different to other places such as Bradford. This research question investigated the diversity within the private rented sector and assessed whether any niches have grown disproportionately.

A third gap relates to knowledge of the role of specific drivers and housing policy was identified as an area of particular weakness. Therefore, the third research question is:

- What roles have political discourses and policies played in growth of the private rented sector?

Political drivers are the most notable example of an aspect of the growth of private renting which requires further investigation. This may be because some theoretical approaches struggle to integrate political drivers with other types of drivers (e.g. economic). The realist approach proposed by Allen and McDowell (1989) highlights the importance of trying to integrate political drivers into explanations of tenure change. I sought to use my analytical framework as a basis for providing a more detailed understanding of the role of political drivers, the levels at which they operate and how they relate to other drivers. In the following sections I move on to discuss how these research questions can be developed into a research project starting with ontological and epistemological considerations.

## **4.2 Ontological and epistemological approach: critical realism**

Any attempt to incorporate different drivers into one explanatory model will need to overcome an important issue: the extent to which different ontological and epistemological approaches can be integrated. A range of different potential drivers for the growth of private renting have already been identified. However, the researchers who have highlighted these diverse drivers draw on a range of different theoretical positions. Some of these theoretical approaches may be incompatible. These theoretical approaches may go as far as rejecting the possibility of creating a causal model which can integrate different drivers. For example, some researchers who have investigated the ideology of

homeownership draw on social constructionism that is rooted in the interpretivist tradition. This position “essentially rejects claims to objective measures of facts and redefines the scope of social scientific investigation within the limits of social interaction, discourse and representation” (Ronald, 2008, p.38).

Interpretivist descriptions of tenure change may be incompatible with positivist approaches which focus on the search for “observable ‘empirical realities’, that is, statistically significant correlations between variables” (Fitzpatrick, 2005, p.2). The tension between these two approaches might make it impossible to develop a single, causal framework to describe tenure change.

The tension between these different positions has been widely discussed within the social sciences (e.g. Benton & Craib, 2011). One of the most important contributions comes from Bhaskar who suggested that “the primal problem of the philosophy of the social sciences” is “to what extent can society be studied in the same way as nature?” (2011, p.52). He argued that philosophy of social science must move beyond the division between positivism and hermeneutics which has led to a “historical see-saw, an oscillation to-and-fro between variants of these basic positions” (Bhaskar, 1979, p.18). Bhaskar was particularly critical of aspects of the positivist tradition. Whilst he agreed that “there are causal laws, generalities at work in social life” he stated that “the human sciences must confront the problem of the direct study of phenomena that only ever manifest themselves in open systems” (Bhaskar, 1979, p.21). This means that, within the social sciences, theory “cannot be predictive and so must be exclusively explanatory” (Bhaskar, 1979, p.21). Bhaskar developed critical realism as an

alternative which sought to overcome the historic divide in theoretical positions within the social sciences.

A summary of the use of critical realism in relation to Housing Studies is provided by Satsangi. He states that “critical realism combines realist ontology – a belief that reality exists independently of the mind – with fallibilist epistemology – a belief that we can never be sure that our knowledge of reality is true” (Satsangi, 2012, p.2). Critical realism is described by Frauley and Pearce as a “broad church” (2007, p.4) of ideas. A range of “central tenets” define critical realism and they identify six of these tenets. The first tenet is that “reality exists independently of our knowledge of it”, but beyond this the second tenet holds that “social objects are held to not simply exist but to be *emergent*” (Frauley & Pearce, 2007, p.4, author’s italics). This leads on to the third and fourth tenets that “unobservable features of social life can be known to some degree” and that “social structure pre-exists social action” (ibid). The fifth tenet notes that “explanation is necessarily theoretical, and theoretical work is necessary of social scientific enquiry” (ibid). Finally, Frauley and Pearce argue that “critical realism is primarily concerned with ontology and so is ‘thing centred’” (ibid).

Critical realism provides a clear basis for understanding and explaining the relationship between different causal variables. It recognises that “events occur due to a complex relationship of causation embedded in an entire interconnected social system” (McNaughton quoted in Beer & Faulkner, 2011, p.157). Satsangi argues that the key benefit of critical realism for Housing Studies is the ability to analyse the “generative mechanisms behind housing

outcomes” (2012, p.8). This approach has been used in relation to homelessness research as the “complex, emergent and non-linear explanatory framework employed by realists is argued to enable a coherent causal analysis to be maintained in the face of diverse circumstances” (Fitzpatrick, 2005, p.1). Bhaskar and Danermark argue that critical realism has distinct ontological, epistemological and methodological benefits:

“Ontologically, critical realism is characterized by a double greater inclusiveness. It is... ontologically least restrictive, allowing the exact nature of the determinations and their interactions to be empirically determined case by case. Epistemologically, critical realism indicates more clearly than the other positions the appropriate direction and context of explanatory research from the manifest phenomena to the mechanisms that produce them, in their complex co-determination. Methodologically, critical realism is able to move beyond both reductionism and simple non- or anti-reductionism through ontological pluralism” (2006, p.280).

This suggests that critical realism fits with my attempt to create a causal model for tenure change which incorporates a range of different types of drivers (including, for example, the ideology of homeownership and economic models of housing).

Another benefit of critical realism is the ability to draw upon and synthesise a range of different theoretical positions. It has been argued that critical realism acts as a meta-theory and is compatible with the work of Bourdieu (Frauley &

Pearce, 2007). Beyond this, “theories and frameworks that take not only the economics of housing but also its politics, history, geography and institutions seriously can in principle be commensurate under the critical realist ontology” (Aalbers & Christophers, 2014, p.1). For example, a realist perspective has the advantage of allowing for the incorporation of some of the insights from materiality or material culture approaches. These approaches conceive of “artefacts as agents in their own right and therefore “capable” of changing the world and our relationships” (Jacobs & Gabriel, 2013, p.213). In relation to research on private renting this enables housing stock to be viewed as an agent. Taken together, critical realism provides an ontological and epistemological basis for developing an understanding of the roles played by different drivers in tenure change.

## **4.3 Research design**

### **4.3.1 Research design: overall approach**

The next step was to develop a research design which was able to operationalise the research questions highlighted earlier. Research design is “a crucial part of any enquiry, but is often slid over quickly without any real consideration of the issues and possibilities” (Robson, 2002, p.79).

Consideration of research design involves dealing with the “aims, uses, purposes, intentions and plans within the practical constraints of location, time, money and availability of staff” (Hakim, 2000, p.1). Bryman highlights an important distinction between research design and research methods. He argues that “research design provides a framework for the collection and



analysis of data... [whereas] a research method is simply a technique for gathering data" (Bryman, 2012, p.46). Three criteria for evaluating the quality of social research are outlined by Bryman (2012). A robust research design should seek to ensure reliability, replication and validity. Reliability can be described as the ability of a research design to obtain results which are accurate and consistent. The research design should also be replicable, meaning that it should be possible for the same results to be obtained by a different researcher. Finally, a research design should have validity which means the results yielded should reflect the concepts which are being investigated.

Research design is divided into five distinct components by Robson (2002). The first is the purpose of the research and highlights the difference between approaches which focus on explanation, evaluation and problem based studies. This research will seek to provide a more detailed explanation and understanding of a specific phenomenon: the rapid growth of private renting in England. The theory which underpins the study provides the second component of research design. In chapter three I discussed a range of theories of tenure change. This will be developed further by a brief discussion of theory underpinning research design in the following section. Research questions act as the third component of research design. I have already outlined an overarching research question which is supplemented by more detailed questions. The fourth component of research design is methods and refers to the techniques used to collect and analyse data. This leads on to the final component – sampling strategy – which highlights the type of data which will be

used in the research. Methods and data are discussed in section 4.4 of this chapter.

The research design needed to be compatible with critical realism and the theoretical approaches described earlier. One such approach is a generative model of causation which provides a theoretical underpinning for research design from a realist perspective (Pawson & Tilley, 1997; Pawson, 2006). This approach argues that “realism’s key feature is its stress on the mechanics of explanation” (Pawson & Tilley, 1997, p.55). Consequently, they reject the experimental model as failing to provide an accurate account of the actual process undertaken. Instead they propose a generative model of causation which suggests that “causal outcomes follow from mechanisms acting in context” (Pawson & Tilley, 1997, p.58). The distinctive feature of this approach is that it “looks for causal powers within the objects or agents or structures under investigation” (Pawson, 2006, p.21).

The process for creating a model of causation involves understanding how outcomes are produced by particular mechanisms acting in particular contexts. Pawson and Tilley focus on understanding both mechanisms for change and contexts within which change occurs. Mechanisms are intended to capture both “macro and micro processes” (Pawson & Tilley, 1997, p.66). Contexts describe both the physical geographic location and a range of social rules and conditions. An explanatory structure is developed over time through an iterative process of theory building and experimental observation. Allen and McDowell state that:

“one of the attractions of working within a realist framework in investigating the changing structure of the private rented market is that this framework allows for, indeed is based on the assumption, that general processes of change will take particular forms in different places” (1989, p.7).

This approach suggests that it is necessary to understand how these different drivers manifest themselves in particular places as “the uniqueness of places is produced and reproduced by the reciprocal relationship between processes and places” (Allen & McDowell, 1989, p.8). A realist model of causation provided a means to link the research questions outlined earlier with the theoretical, ontological and epistemological approach.

## **4.4 Methods: Triangulation using a mixed methods approach**

### **4.4.1 Multi-methods approach**

The epistemological and ontological position drawn from critical realism has implications for the methods utilised in this research. If all knowledge is fallible then it would follow that all methodological approaches are also fallible. Rather than an admission of failure, Brewer and Hunter argue that this can be a source of strength because:

“our individual methods might be flawed but fortunately the flaws in each are not identical. A diversity of imperfections allows us to combine methods, not only to gain their individual strengths but also to

compensate for their particular faults and limitations” (Brewer & Hunter, 2006, p.4).

They argue that a multi-method or mixed methods approach allows us to overcome the limitations of particular approaches. This is particularly powerful when the results of different methods are found to be convergent. The triangulation of different sources of data can provide a powerful tool to increase the strength of research results. Robson highlights the use of triangulation in surveying and describes it as “a method of finding out where something is by getting a ‘fix’ on it from two or more places” (2002, p.371).

There are three other reasons why mixed methods were particularly well suited to the research question outlined for this study. The first is that the use of mixed methods can allow a research design to “address different, but complementary questions within a study” (Robson, 2002, p.371). This relates closely to the detailed questions that I have described. They are different questions but seek to address aspects of the same overarching research question. Different research methods can be used for different tasks within the overall design of the project. A mixed methods approach fitted with the research questions and helped to address some of the key challenges with investigating the rapid growth of private renting. Adopting either a purely qualitative or quantitative approach would have severely limited the scope of this research. A number of potential drivers would be difficult to investigate using only one of these approaches. For example, political drivers would have been difficult to investigate using only quantitative approaches and economic drivers would have been difficult to assess using only qualitative approaches. A mixed method

analysis allowed me to “analyse a social phenomenon’s structure, setting, and constituent social processes far more fully than when only a single method is used” (Brewer & Hunter, 2006, p.9).

A second benefit of mixed methods research was the ability to investigate the “relations between macro and micro” levels of analysis (Robson, 2002, p.372). This helped me to address the difficulty of integrating drivers which operate at different levels. It has been argued that mixed methods can help to provide “a more valid and holistic picture of society than that which could be acquired by remaining true to only one set of methods” (Henn, Weinstein & Ford, 2009, p.20). A mixed method approach can be useful in gaining a “complete overview” of a particular social phenomenon by encouraging the researcher to “investigate a particular research area from a variety of different angles and perspectives, focusing of different questions and issues [and] collecting different types of data (2009, p.22). This kind of approach was very relevant to my analytical framework which sought to identify the levels at which different drivers operate. The third benefit relates to the robustness of the data and analysis provided by a mixed method approach. A combination of several methods should be less prone to measurement errors which can affect particular approaches (Brewer & Hunter, 2006). Mixed methods should be able to increase the validity of the research findings. Brewer and Hunter argue that “when two reliable instruments yield conflicting results, then the validity of each is cast into doubt. When the findings of different methods agree, we are more confident” (1989, p.17).

Despite these possible benefits, mixed-methods approaches have been criticised in a variety of ways. Bryman (2012) outlines common arguments

against the use of mixed methods approaches. The first is that combination of qualitative and quantitative methods is impossible as these approaches are fundamentally different and incompatible. As a critical realist, I would question the absolute distinction between quantitative and qualitative methods. It has been argued that from a realist perspective:

“the identification of a specific mechanism – a causal pathway – has come to be seen as integral to causal analysis, regardless of whether the model in question is formal or informal or whether the evidence is qualitative or quantitative” (Gerring, 2007, p.5).

In addition, it may be possible to draw on Bourdieu to underpin an approach that combines a range of methods.

Bourdieu offers “a theoretical basis for mixed methods research that can offer insights into the interplay of structure and agency in human behaviour” (Fries, 2009, p.326). In order to make adequate use of Bourdieu’s insights, Grenfell (2013) proposes a three stage process for undertaking analysis of a field. The first stage is the construction of the research object. This is an on-going process to understand the focus of our research in concrete terms whilst being aware of the meaning imposed by particular choices or representations. It is an “attempt to break with the pre-given of the world... and to rethink the object of study in a new way” (Grenfell, 2013, p.11). A second stage is to undertake an analysis of the field which is under consideration. In order to do this it is necessary to consider:

- The relationship between the field in question and the field of power

- The structure of the positions in the field held by different social agents
- The habitus of agents and the dispositions that they have developed

The third stage is participant objectivation which attempts to reflexively consider the position of the author in relation to the field in question. It attempts to highlight the limits of the understanding produced by the analysis undertaken.

A second issue identified by Bryman is that it may not be easy to incorporate diverse approaches into one research project. There may be difficulties in becoming proficient in the use of different techniques or it may be too time consuming to combine some methodologies. The most fundamental issue is that it is necessary to have a “strategically selected set of methods” (Brewer & Hunter, 2006, p.32) which are related to the research questions under consideration. Bryman (2012) describes a range of different approaches to integrating quantitative and qualitative methods in terms of their priority and sequence. Either quantitative or qualitative approaches can be given priority as the principal means of obtaining data. The sequence of different approaches is also important and should be considered carefully. This is discussed in section 4.5.

The difficulties for this research project reflect those identified by Allen and McDowell (1989) and highlighted in the previous chapter. These were the danger of over ambition, the difficulty of synthesis and the types of explanation which might be possible. In particular, the idea that explanation must seek to work from the specific to the general as “places are the crucible... of causal change” (Allen & McDowell, 1989, p.9). As a topic, the private rented sector is

broad and the questions seek to investigate a range of different drivers. In order to maximise the scope of this project there was a need to find an effective and efficient research strategy. This sought to mitigate the issue of over-ambition. The next section explores the use of secondary data to attempt to achieve this. In section 4.5 I will discuss methodologies – particularly the use of a case study – to attempt to focus on specific places. I will also outline a sequence of analysis in order to enable the synthesis of findings.

#### **4.4.2 Secondary analysis of data**

Secondary data analysis offered the best option for maximising the scope of this project. It has been argued that secondary analysis “is generally understood as the analysis of data originally collected and analysed for another purpose” (Dale, Wathan & Higgins, 2008, p.520). However, “although the secondary analysis of quantitative data is an established methodology in social research, there is no single, unequivocal definition of the approach” (Heaton, 2004, p.2). A variety of qualitative approaches can also be included within the definition of secondary analysis. This approach was intended to provide “access to good quality data for a tiny fraction of the resources involved in carrying out a data collection exercise yourself” (Bryman, 2012, p.297). Secondary analysis can provide access to large amounts of data which may have been collected over long periods of time. The data is likely to have been checked and quality assured prior to publication, particularly if it has the status of an official statistic. Using this approach can also leave more time for detailed analysis as less time is spent getting access to the data. It has also been argued that some forms of official data can be considered to be an unobtrusive measure (Bryman, 2012).



Secondary analysis “has increased in popularity with the increased availability of high-quality data through national data archives” (Dale, Wathan & Higgins, 2008, p.520). This approach may provide the opportunity to access high quality data that is relevant to the research questions at no cost. Taken together, it appeared that secondary data analysis was particularly relevant given the scope of the research question being investigated.

There were two sets of issues with secondary analysis which needed to be addressed if it was to be used as an effective research method (Bryman, 2012). The first set of issues concerned research planning and implementation. Analysing large amounts of data which has been collated by other people can lead to confusion and error if variables are not interpreted correctly. Access to some official data sets is limited to protect confidentiality. Available data may not measure the concepts in the research question. This means that the data may need to be manipulated or proxy variables collected to allow for measurement of the concepts under investigation. There may also be issues with the quality of some official statistics. For example, Bryman (2012) raises particular concerns over the reliability and validity of official statistics relating to crime in the UK. There have been suggestions that these are open to ‘fiddling’ due to political pressure. Statistics on rough sleeping (Wilson, 2012) and ambulance response times (Carvel, 2006) are other examples of official statistics which have been subject to criticism. Dealing with this first set of issues required careful use of data. This started with the choice of sources to ensure the quality of the data being analysed. I utilised official statistics where possible as these have undergone a rigorous quality assurance process.

However, even these sources needed to be checked for errors. There was also a need to consider any limitations with their methodology such as the type of questions being asked in a large-scale survey. Before using a data source I checked the relevant documentation to ensure that it will be suitable for the analysis being undertaken (Dale, Wathan & Higgins, 2008). Finally, I undertook data quality checks prior to commencing my own analysis of the data. Despite these precautions, there were a second set of issues concerning the ethics of secondary data analysis.

#### **4.4.3 Ethics of secondary analysis of data**

My research has adopted secondary analysis of data as the primary methodology. This means that “at first sight secondary analysis may appear to bypass all the ethical issues that arise at the data collection stage of a study” (Dale, Wathan & Higgins, 2008, p.527). However, these authors argue there are a variety of ethical issues which need to be assessed prior to undertaking secondary analysis of any data. Ethical consideration must include both general issues which apply to all research and those issues which are specific to the research methods being utilised. Israel and Hay (2006) suggest that all social scientific research requires an understanding of normative ethics. They define normative ethics as “the moral norms which guide, or indicate what one should or should not do, in particular situations” (Israel & Hay, 2006, p.12). A wide range of ethical approaches can be applied to social science research. For example, consequentialist approaches would seek to determine the moral status of actions by evaluating whether the consequences were good or bad. This approach is commonly linked to utilitarianism which focuses on achieving

the greatest good for the greatest number of people. Alternatively, non-consequentialist approaches “take considerations other than good or bad effects into account when deciding on an ethical course of action” (Israel & Hay, 2006, p.14). Building on Kant, these approaches focus on treating people with dignity and respect rather than merely focusing on the outcome of actions and behaviours. Whatever ethical position taken by an individual researcher, there is a need to balance this with the demands of legal ethical frameworks.

Researchers are “responsible as individuals for acting with integrity as we negotiate the competing claims of ethical conduct and regulatory compliance” (Israel & Hay, 2006, p.144).

There are also specific ethical issues which relate to analysis of secondary data sets. In secondary analysis of quantitative data these may relate to data protection, security and identification of individuals (Bryman, 2012). Data collection agencies, such as the Office for National Statistics, bear a statutory responsibility to ensure that they conform to ethical and legal standards. Users of this data “must co-operate in ensuring the confidentiality of the data” (Dale, Wathan & Higgins, 2008, p.529). This might involve limiting the presentation of local, geographic information which could be used to identify participants. There may be particular ethical and legal problems associated with archived qualitative data including “confidentiality, respondent and researcher anonymity and respondent consent” (Parry & Mauthner 2004, p.139). These issues with secondary data analysis can be mitigated if care is made with planning and implementation of the research methods. I have undertaken a range of actions in order to ensure that this research project is legally compliant and reflects my

personal ethical values. These included submitting the project for review by the University of Birmingham ethics committee and ensuring adherence to the standards set out in the Data Protection Act 1988.

## **4.5 Sequence and methodologies**

The sequence of my research was intended to build from the existing knowledge base first. My initial research acted as a basis for subsequent analysis. As the detailed research questions are diverse they required a range of different methodologies. These methodologies are discussed in detail at the start of the chapters outlining the research findings. This is intended to highlight clear links between the methodologies used and the findings which emerge from the research. In this section I will provide a brief overview of the methodological choices and main data sources being used. I will also provide a rationale for the sequencing of the different chapters. Taken together, this approach is designed to provide a complementary set of research designs which address the difficulties with realist research identified by Allen and McDowell (see section 3.3).

The first research question is investigated in chapter five. It is:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

I start my analysis by building on existing academic knowledge of economic and demographic drivers. Existing literature has identified a range of likely economic

and demographic drivers. The limitation of most accounts is that they do not specify the extent to which different drivers are responsible or how they might interact at a local level. This meant that my research needed to incorporate the widest number of likely drivers possible at a local level. Given this objective, an ideal data source would provide detailed information covering housing, demographic and economic variables. Ideally, this data would be available on a regular basis and for a range of different geographies. This would allow detailed analysis of the interaction between a wide range of variables over time. There is no data source which meets these criteria so different options were reviewed.

One of the obvious potential data sources was large scale government surveys. There are government surveys which include a wide range of variables on a regular basis including the Labour Force Survey and Understanding Society. Unfortunately the sample sizes of these surveys are too small to allow local level analysis. The survey with the largest number of demographic variables at a local level is the census. This source is likely to be able to provide data for all of the potential demographic variables. It also has the benefit of being the most detailed source on housing tenure at a local authority level. The difficulty with census data is the availability of economic variables and regularity of data collection. A number of drivers would be more difficult to measure using census data. This would include measures of housing markets (e.g. house prices) or the labour market (e.g. incomes). Census data is only available once every decade which further limits its use. However, the period from the 2001 census to the 2011 census covers the first decade of the rapid growth of private renting. It means that this data source would be able to provide an overview of the

interactions between different variables during this period. The census data can also be supplemented with other sources which provide a measure of most of the economic variables which are relevant. There were two notable exceptions which could not be included in the analysis: rental prices and mortgages. The Office for National Statistics are trying to improve the availability of data regarding rental costs at a local level but this is not available at present (Government Statistical Service, 2012). Data concerning mortgage markets is not available at local authority level. I sought to address this issue by using proxy data to provide a measure of the underlying drivers (see chapter five for details). This meant that the best available option to investigate the first research question was to use census data supplemented by other sources. Using multivariate analysis allowed me to assess the different interactions between variables and identify those which were most influential.

My findings on the different roles played by a range of drivers formed a useful basis for investigating the second detailed research question:

- How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?

This research question is discussed in chapter seven. After considering different attempts to map the variation within the private rented sector I developed a methodology that builds on geodemographic approaches used by the Office for National Statistics. The ideal approach for this second question would be to map the different niches across different geographic locations. Following the

approach of Allen and McDowell I made a detailed assessment of one case study area. Focusing on one case study area was deemed to be the best approach to assessing diversity in the private rented sector with the resources available. I needed a methodology which could combine “the fundamental or defining characteristics of the phenomenon be identified” (Bailey, 1994, p.2).

In order to do this I wanted to find a quantitative approach which could identify the size, location and growth of particular niches. Geodemographics provided the best option as it “is the ‘analysis of people by where they live’” (Harris, Sleight & Webber, 2005, p.2). This allowed me to identify number of key features of the diversity within the private rented sector and their spatial configuration. The earlier multivariate analysis supported this process of identification. All of the key factors I had identified were combined into a single cluster analysis which identified different niches in the private rented sector in Birmingham, their spatial variation and growth. Census data acted as the main data source again as it provided a large number of variables at a very local level. However, two types of variables were not available via the census. The first was data on Housing Benefit claimants. In order to address this I supplemented my analysis with additional data from Birmingham City Council which allowed Housing Benefit to be included. Landlords represented the second area where there was a shortage of data. The implications of this are discussed later on in the thesis.

The third detailed research question is investigated in chapter seven. It is:

- What roles have political discourses and policies played in growth of the private rented sector?

Analysis in chapters five and six provided the context in which to investigate the role of political drivers. Chapter seven sought to investigate the relationship between political discourses, housing policy and the findings from the first two research chapters. This allowed understanding of political drivers to be integrated into my overall explanations of the growth the private rented sector. Political Discourse Analysis offered a framework to identify the links between discourse, policy and changes in the private rented sector. It also represented one of the few methods of analysing discourse which was compatible with my realist framework. The need to fit with critical realism limited the methodological approaches which were available to me.

My analysis utilised different types of qualitative data sources, primarily the parliamentary record and policy documents. The parliamentary record represented an excellent data source for analysis discourse as it is so comprehensive. Housing policies are also easily accessible and provide a corpus of detailed sources which cover the period being analysed. A range of different housing policies are available at both a national and local level. This enabled comparison between these levels and triangulation with the findings of the first two research chapters. However, these sources do not provide a complete record of the wider process of political debate and policy development. In order to capture this wider process I incorporated political memoirs and autobiographies within my analysis. In chapter eight I will bring together the findings from the research chapters and integrate them into one



overall description of the drivers for the growth of the private rented sector. In the concluding chapter, I will then assess how the research findings relate to theories explaining tenure change and review the analytical framework.

## **4.6 Summary of chapter four**

The realist approach adopted by Allen and McDowell (1989) was used as a starting point to develop my analytical framework to investigate the overarching research question. My analytical framework outlines the key levels at which different drivers operate and the structure of the micro-field of private renting. Three detailed research questions seek to address notable gaps in the existing knowledge about the growth of the private rented sector. These relate to the interaction between drivers, understanding of the variation within private renting and the role of political drivers.

Critical realism provided an ontological, epistemological and methodological basis for my analysis of these research questions. From this starting point, my research design was based on Pawson and Tilley's model of generative causation. A mixed methods approach sought to triangulate data in order to investigate the impact of a wide range of drivers acting at different levels. Secondary data analysis provided the most effective way of maximising the scope of the research. Consideration of the ethical issues ensured that this research project is legally compliant and reflected my personal ethical values. Finally, I set out a sequence for investigating the research questions and provided a broad outline of the methodologies I have used.

# CHAPTER FIVE - PRICED OUT?

## MULTIVARIATE ANALYSIS OF ECONOMIC AND DEMOGRAPHIC DRIVERS OF DEMAND

### **5.1 Investigating the interaction between drivers**

This chapter moves on to assess the relative role played by different economic and demographic drivers in the rapid growth of private renting in England. In chapter two I highlighted some of the key limitations with the ‘priced out’ thesis. The ‘priced out’ thesis focuses on households who would prefer to be owner occupiers but are unable to do so due to affordability constraints. A range of other drivers could have increased effective demand for the private rented sector. Academic analysis has identified a number of these including changes in the labour market, migration and increasing numbers of students (e.g. Houston & Sissons, 2011; Stephens, 2011; Crook & Kemp, 2014). However, the academic literature still needs to clarify the extent to which different drivers are responsible for the growth of demand for private renting or how they might interact. A more detailed understanding of the growth of the private rented sector in England will depend on being able to explain the roles played by various drivers in particular places. This means that:

“we need to get a clearer picture of the ways in which the economic, social and demographic factors affecting demand interact with supply to generate actual changes in the numbers and types of households in the different tenures” (Bramley, Pawson, White, *et al.*, 2010, p.79).

One example of research investigating these interactions is the work of Houston and Sissons (2011). They used multivariate analysis to model the interaction between different drivers contributing towards the growth of the private rented sector between 1991 and 2001. Their research found “important changes to the geographical functioning of the sector, which previous research has not investigated in detail” (Houston & Sissons, 2011, p.817). The private rented sector “grew most in larger urban areas but also with large proportional increases in coastal and countryside and in mining and manufacturing areas” (Houston & Sissons, 2011, p.817). Regression models suggested that growth in the relative size of the private rented sector was associated with areas which had experienced the greatest growth in the number of people aged 25–34, overseas migrants, full time students, and those described as ‘permanently sick’. Growth in private renting was also associated with areas of below-average house price inflation. Rapid growth of private renting occurred in areas where the tenure had traditionally played a greater role, such as London and the South East. It was also noted that “some of the strongest proportionate growth in the PRS has been in less economically prosperous areas where the sector has traditionally been under-represented” (Houston & Sissons, 2011, p.817). The authors conclude that private renting was taking on two main roles within the housing system. In areas with strong local economies it “acted increasingly as a

stop-gap for those seeking to enter owner-occupation” (Houston & Sissons, 2011, p.817). In areas with less active local economies “the PRS has increasingly accommodated households who would previously have been more likely to live in social housing (Houston & Sissons, 2011, p.817).

The analysis performed by Houston and Sissons provides an example of the potential benefits of multivariate analysis. Multiple regression can be used both as a predictive or explanatory tool (Venter & Maxwell, 2001). For example, multiple linear regression can be used to determine “what proportion of the variance of a continuous variable is associated with, or explained by, two or more other variables” (Cramer, 2003, p.59). This leads on to the research question which guides the analysis in this chapter:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

I adopted a similar approach to Houston and Sissons by using Census data to investigate the rapid growth of private renting between 2001 and 2011.

Longitudinal analysis is often used to measure change over time but in this instance regression was likely to be the best approach to assess the impact of a wide range of different drivers. Time-series regression was not a viable option as it would have considerably reduced the number of variables which could be incorporated in my analysis. The approach of Houston and Sissons also fits with my analytical framework which was outlined in the previous chapter. The analytical framework suggests that the meso-level of geographically bounded

housing systems is likely to represent the best level to investigate the role of spatially differentiated drivers such as house prices and labour markets.

In order to operationalise the research question the first issue was to identify the best data sources to conduct my analysis. Given the large number of potential drivers that might be incorporated into the analysis the census represented the most effective source. The census provides a wide range of relevant demographic variables at a range of spatial scales. It also provided the most detailed information on housing tenure at a local level. A variety of local geographies were available, but the widest range of secondary data was available for local authority areas (particularly lower tier districts). Census data is only available for 2001 and 2011 but these dates allow for analysis of the first decade of rapid growth in the private rented sector. A range of other secondary data sources are available, particularly relating to house prices and incomes, which can be used to supplement the Census. A second issue was to specify what is meant by a geographically bounded housing system operating at a local level. Identifying the size and scale of local housing markets has generated a longstanding discussion within the housing literature (see Watkins, 2001 for one summary). Local authorities may not represent the most effective measure of functional housing market areas (Jones, Coombes & Wong, 2010). However, they can serve as a proxy and provide the optimum scale to maximise available data. This trade off led me to adopting local authorities as the spatial scale for my multivariate analysis.

In this chapter I seek to investigate the interaction between different economic and demographic drivers in relation to the growth of the private rented sector.

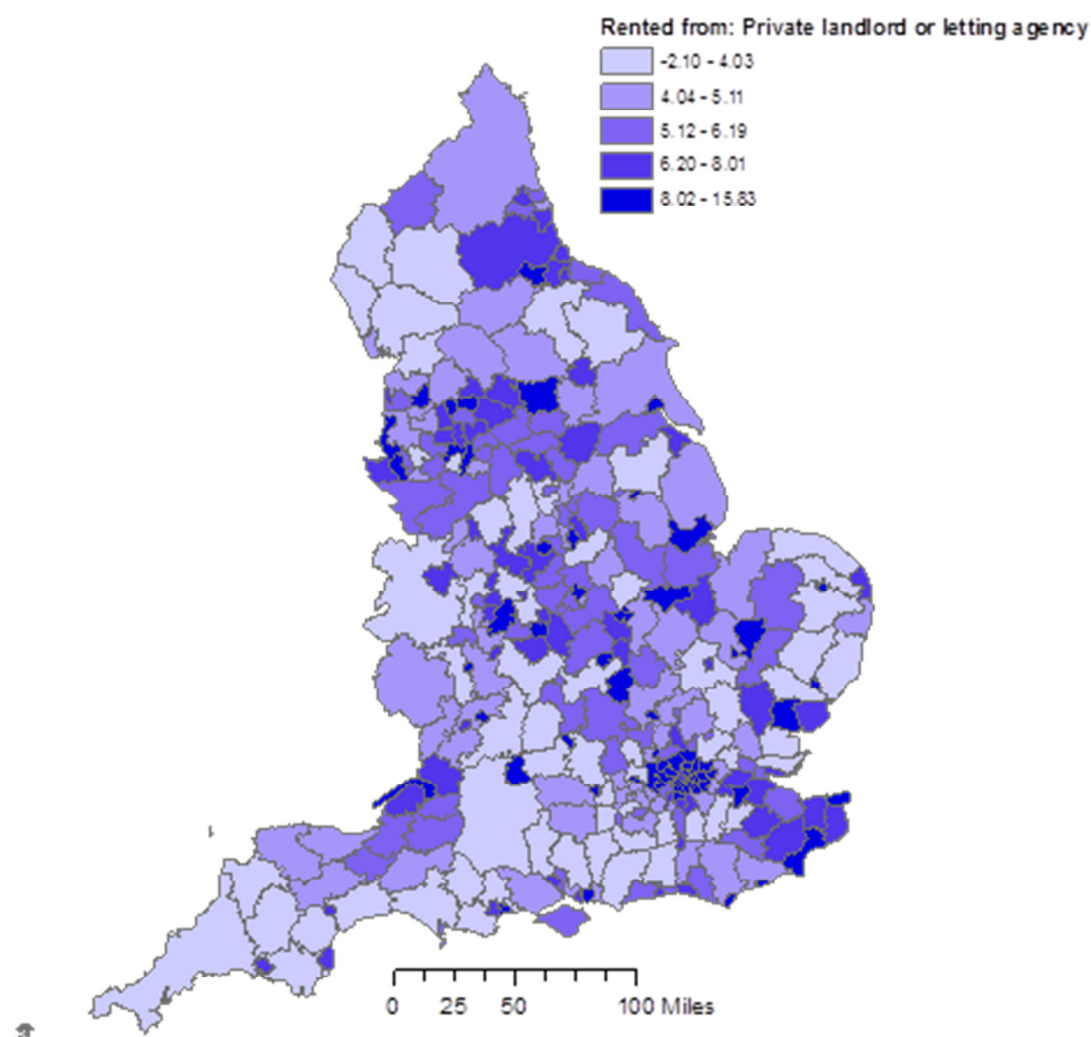
The first step in my analysis was to assess the geographic variation in tenure change. This is outlined in section 5.2 and forms a basis for my subsequent analysis. Houston and Sissons (2011) highlighted the geographic differentiation of growth in private renting between 1991 and 2001. Descriptive analysis presented in this section assess whether geographic differentiation continued in the subsequent decade. In section 5.3 I began my analysis by providing an initial test of the 'priced out' thesis. Does the data support the commentators who use the 'priced out' thesis to explain tenure change? I then moved on to provide a more detailed assessment of the interaction between different variables. The first step in this process was identifying variables which might describe the possible drivers highlighted by the existing academic literature. Section 5.4 reports initial analysis of census data which identifies demographic drivers which are likely to be associated with the growth of the private rented sector. A range of economic and demographic variables are then analysed in a series of multivariate models presented in section 5.5. This analysis seeks to identify the interaction between a range of different variables and whether it is possible to identify any variables that are particularly associated with the growth of private renting.

## **5.2 Geographic variation in tenure change**

The first stage of the analysis used descriptive maps and statistics to assess the geographic variation in the growth of private renting. Figure 14 highlights changes in the private rented sector across different local authority areas between 2001 and 2011. The relative size of the private rented sector grew in

all but one of the local authority in England during this period (with Isles of Scilly being the exception). A range of different local authorities experienced rapid growth of the tenure including Manchester in the North West, Corby in the East Midlands and Bournemouth in the South West. Local authorities experiencing low rates of growth in the relative size of private renting included Copeland in the North West, Rushcliffe in the East Midlands and Suffolk Coastal in East Anglia.

*Figure 14: Change in relative size of 'renting from a private landlord or letting agency', 2001 to 2011, England, percentage points<sup>17</sup>*



The region of England which experienced the most rapid growth of private renting during this period was London. In 2001, the private rented sector in London was larger than any other region and accounted for 14% of households. By 2011 this had increased to 24% of households and is demonstrated in Figure 15. Even within London there was considerable variation in this growth of private renting across local authority areas. Boroughs on the fringes of Inner

<sup>17</sup> Authors calculations based on data from the 2001 and 2011 censuses accessed from the Office for National Statistics via NOMIS

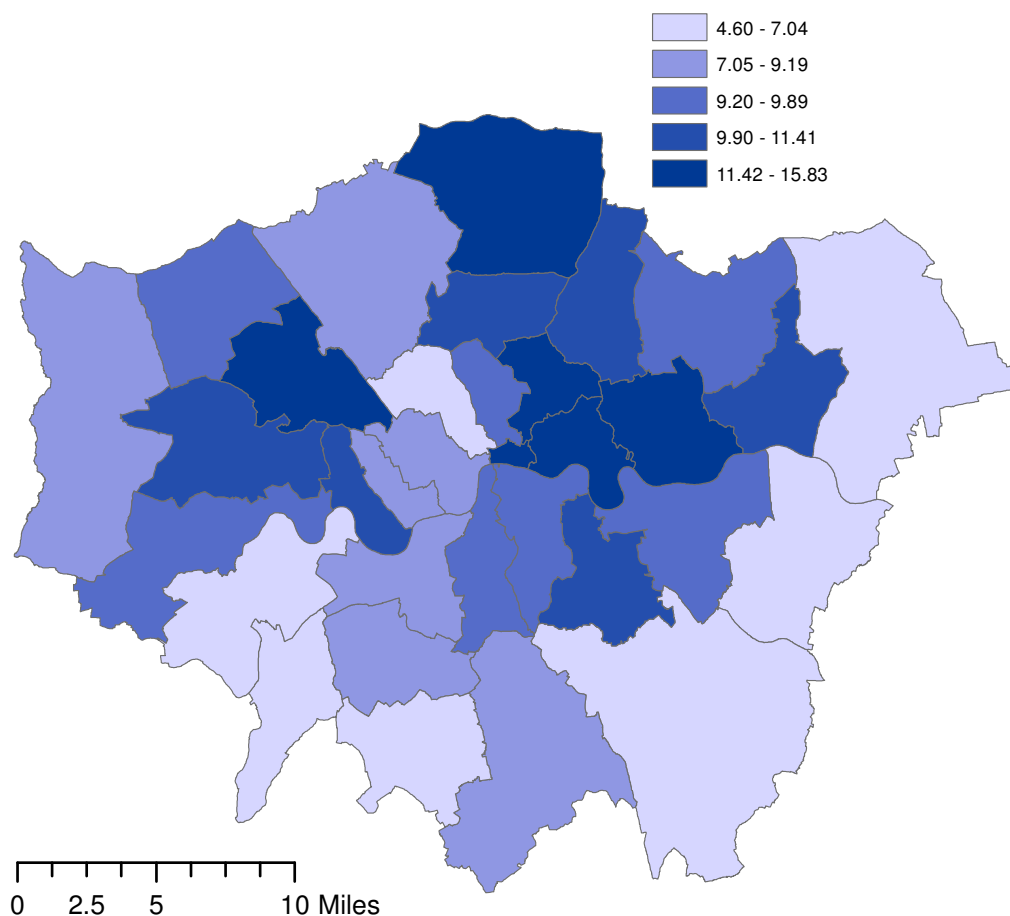


London, such as Bromley, Bexley and Kingston upon Thames, experienced more modest growth. Boroughs in East London, such as Hackney, Tower Hamlets and Newham, experienced the greatest growth in the private rented sector. The key features of the change in private renting between 2001 and 2011 were that:

- Growth was occurring across almost every local authority area of England.
- There appeared to be important geographic differentiation in the rate of growth.

These findings suggest that we might expect to find one set of drivers operating at a national level which lead to growth in the private rented sector across England. A second set of drivers might be operating at a sub-national level leading to geographic differentiation of the relative size of this growth.

*Figure 15: Change in relative size of the private rented sector, 2001 to 2011, London, percentage points<sup>18</sup>*

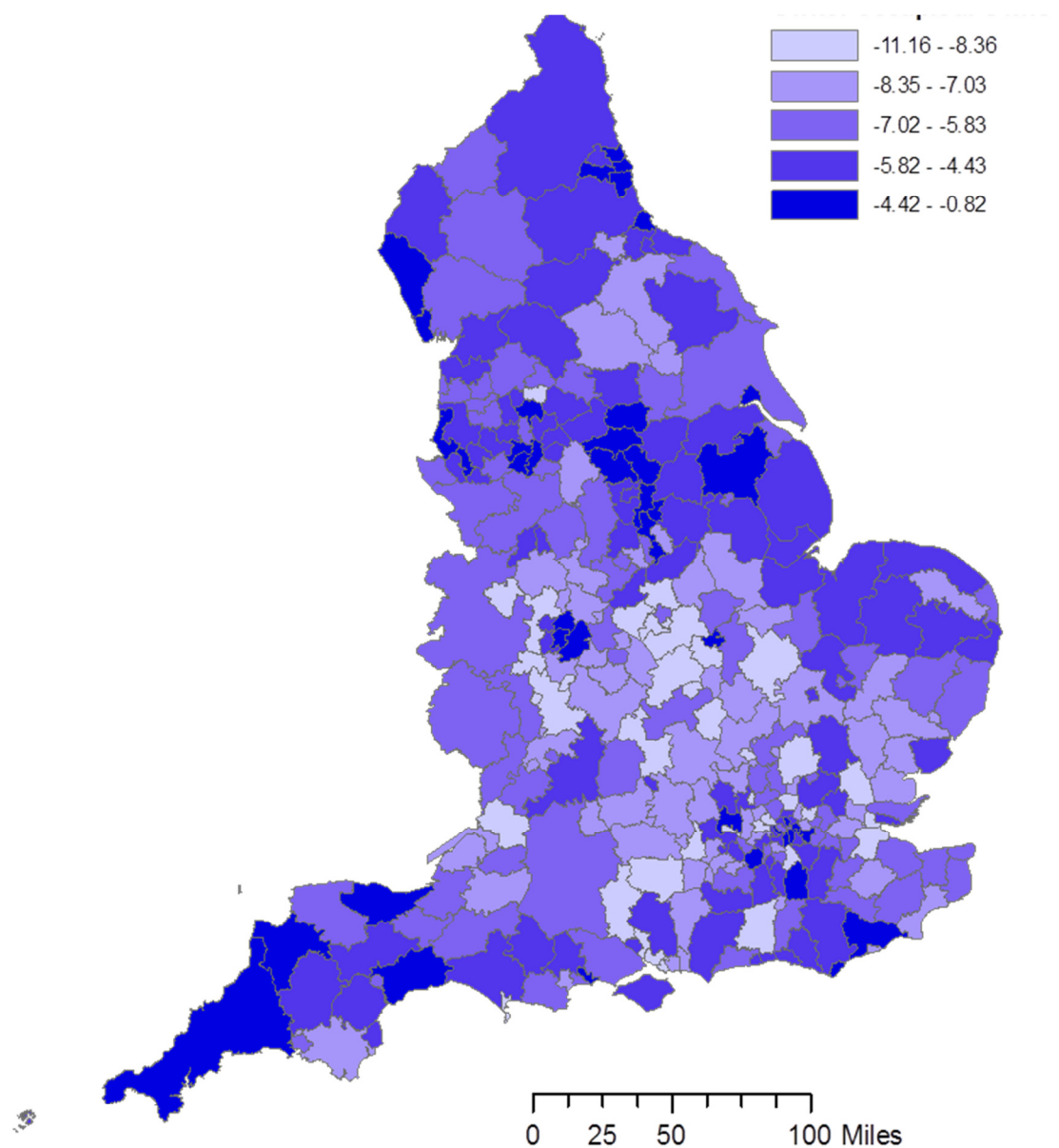


The growth in private renting can be contrasted with the decline in households purchasing with a mortgage. The ‘priced out’ thesis suggests that a reduction in effective demand for purchasing with a mortgage has been offset by increased effective demand for private renting. Figure 16 maps the geographic variation in the change in the relative size of ‘ownership with a mortgage’ between 2001 and 2011. It highlights the decline of this tenure category across every local authority in England. The local authorities who experienced the greatest decline

<sup>18</sup> Authors calculations based on data from the 2001 and 2011 censuses accessed from the Office for National Statistics via NOMIS

in purchasing with a mortgage appear to be clustered predominantly in central England. A number of these were situated on the edge of cities including Bristol, Leicester and Birmingham. Local authorities who experienced the smallest decline in the relative size of ownership with a mortgage included London Boroughs (e.g. Southwark and Lambeth) and northern cities (e.g. Manchester, Barnsley and Gateshead).

Figure 16: Change in relative size of Ownership with a Mortgage, 2001 to 2011, England, percentage points<sup>19</sup>



Taken together, these maps highlight some key points about the decline in mortgagor households and the growth of private renting:

<sup>19</sup> Authors calculations based on data from the 2001 and 2011 censuses accessed from the Office for National Statistics via NOMIS

- Both the relative decline in mortgagor households and growth of private renting were very widespread and occurred in almost every local authority across England.
- However, the changes in these two tenures appear to have different patterns of spatial variation.

In addition, neither of these two tenures appears to match the geographic variation in house-price to income ratios highlighted earlier (see Figure 10) which had a clearer 'north-south' divide. A closer relationship between these variables might have been expected given the 'priced out' thesis.

This suggests that any relationship between the decline in purchasing with a mortgage, growth in private renting and changes in house prices at local authority level are unlikely to be straightforward. Tenure changes within specific local authorities also suggest that there has not been a simple transfer from owner occupation to private renting within particular housing markets. For example, in Southwark (south London) there was a marginal decline in mortgagors (1 percentage point) but a considerable decline in the relative size of social housing (10 percentage points). The relative size of private renting grew rapidly in this London Borough (10 percentage points). The next section investigates the extent to which the 'priced out' thesis can account for this geographic differentiation in the patterns of tenure change.

### **5.3 Tenure change and house prices**

If the 'priced out' thesis represents an accurate description of the growth of private renting then we might expect increases in the size of the tenure to be associated with changes in house prices. Chapter two highlighted the limitations of the 'priced out' thesis but this explanation is still used by some commentators. They suggest that the 'priced out' effect acts within specific housing markets so that "many of the local authorities with falls in owner occupation saw corresponding increases in the levels of private renters" (OCSI, 2012, p.7). If this is correct then there should be an association between the decline of owner occupation and the growth of private renting at local authority level. In addition, if the 'priced out' thesis is correct then it might be expected that areas with the highest house prices would have experienced the greatest increase in private renting and steepest decline in purchasing with a mortgage. For example, it has been argued that "increasing numbers of those looking to buy in these high demand areas will be excluded from homeownership. In those regions where prices are highest homeownership levels have been falling fastest" (The Smith Institute, 2013, p.3). In this section I assess the relationship between the decline of purchasing with a mortgage and house price measures. In a subsequent analysis I will move on to assess the relationship between house prices and the growth of private renting.

It is argued that multivariate analysis should be theory driven as "theory serves a fundamental role in formulating research design" (Hetherington, 2001, p.39). The role of theory may be particularly important for the type of explanatory research undertaken here which seeks to understand the relationships which

exist between different variables. Venter and Maxwell suggest that “the theory describing the relations between the variables of interest should determine the choice of variables, the analytic approach, and the interpretation of the results” (2001, p. 153). Therefore, I have based this initial analysis on the suggestion that the ‘priced out’ thesis can explain tenure changes at a local level. I investigated this hypothesis by developing a set of multiple linear regression models. The dependant variable used by Houston and Sissons in their analysis (2011) was the change in the relative size of the private rented sector for each lower tier local authority. I adopted a similar approach because a dependant variable which reflects geographic variation can help to explain why tenure change has occurred at different rates in different locations. All of the analysis in this chapter focused on low-tier local authorities in England at the time of the 2011 census. One local authority (City of London) was removed from all analysis as it was an extreme outlier for many of the variables. This left a sample of 325 lower tier local authorities in England.

If these commentators are correct then we might expect to find the largest decline in owner occupation in local authority areas with the highest house prices. However, house prices alone might not be able to capture any association with tenure change. Most affordability measures use house price to income ratios to account for geographic variation in incomes. Therefore, income and affordability measures were also included in this analysis. For these models the dependant variable was:

- Change in the proportion of households purchasing with a mortgage or loan between 2001 and 2011.<sup>20</sup>

A histogram of the dependent variable can be found in Appendix 1. The independent variables were:

- House prices<sup>21</sup>
- Income<sup>22</sup>
- House price to earnings ratio<sup>23</sup>

The results of these models can be found in Figure 17.

*Figure 17: Drivers of change model results<sup>24</sup>*

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
House prices	-0.076 (0.000)	-0.031 (0.000)	
Income		-0.061 (0.002)	
House price to earnings ratio			0.008 (0.038)
F change	1.860	1.283	0.21
Sig. F change	Non-sig	Non-sig	Non-sig
R square	0.006	0.008	0.000
N	325	325	325

<sup>20</sup> Based on author's calculations of data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.

<sup>21</sup> 15th percentile house prices in quarter 1 of 2011 using Land Registry data Department for Communities and Local Government. Following NHPAU (2010), this house price measure is deemed to be the most relevant to first time buyers entering owner occupation.

<sup>22</sup> Median gross weekly income for full-time workers in 2011 was chosen as the most suitable measure. This is the default variable for analysis of the Annual Survey of Hours and Earnings (ASHE).

<sup>23</sup> A ratio of median house price to median earnings in 2011. House prices are taken from Land Registry data for the first six months of the year. Earnings relates to workplace based gross earnings for full time employees as measured by ASHE in April.

<sup>24</sup> This table describes the standardized B co-efficient followed by standard errors in brackets. Statistical significance is denoted using the standard format so that \* indicates p<0.05, \*\* indicates p<0.01 and \*\*\* indicates p<0.001.



In model one the only independent variable was house prices. This model was found to be not statistically significant. It suggests that there was no association between changes in the relative size of purchasing with a mortgage and house prices at a local authority area level. Income was added as an independent variable in model two to identify whether this was interacting with house prices. Model two was also not statistically significant but did highlight a strong, linear correlation between house prices and incomes. A subsequent Pearson correlation between 15<sup>th</sup> percentile house prices and weekly income found that  $r = 0.828^{***}$  ( $n=325$ ). A scatterplot of these variables can be found in Appendix 2. The third model sought to control for this correlation between house prices and incomes by using a house price to income ratio as the independent variable. This third model was found to be not statistically significant. In summary, this suggests that there is no association between the decline of purchasing with a mortgage and house prices, incomes or house price to income ratios at local authority level.

The failure to find an association between the decline in purchasing with a mortgage and these variables may be due to issues relating to the data sources chosen. It is possible that different measures of house prices or earnings might yield a stronger association. In particular, a more detailed analysis could seek to investigate household incomes rather than average earnings. However, the most likely explanation is that it is correct to state that there is no association between the decline of purchasing with a mortgage and changes in house prices, incomes or house price to income ratios at local authority level. This model provides a clear challenge to commentators who use the 'priced out'

thesis to explain tenure change at a local level. Further modelling of the relationship between house prices and the growth of private renting are presented in section 5.5. Prior to the development of these models it was necessary to investigate other demographic drivers which might be incorporated into a multivariate analysis.

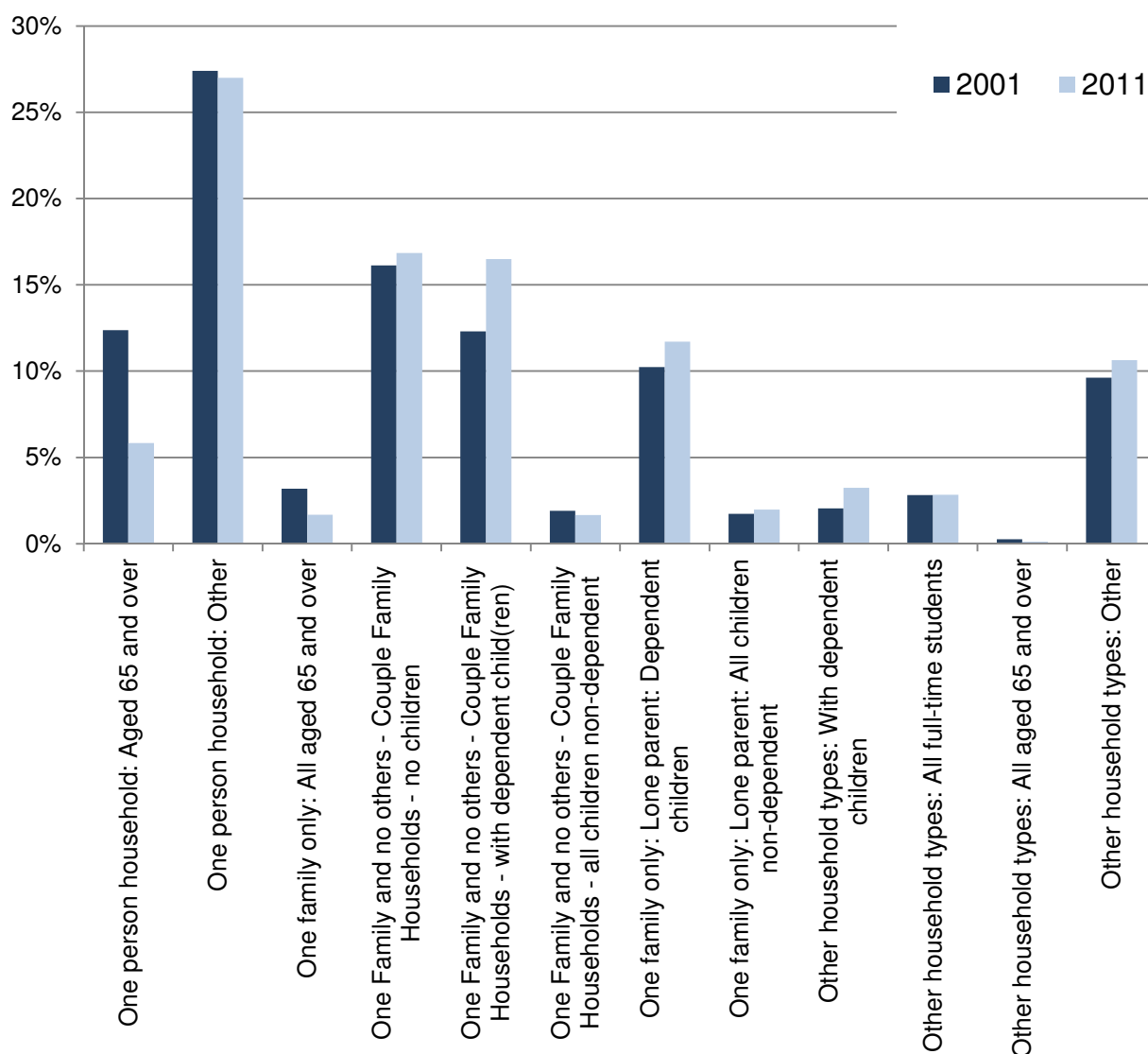
## **5.4 Possible demographic drivers**

This section investigates potential demographic drivers for the growth of private renting between 2001 and 2011. A range of potential demographic and economic drivers were identified in chapter two. In order to undertake regression analysis of these potential drivers it was necessary to ascertain which variables should be included in the multivariate models. The existing academic literature has identified a number of potential demographic drivers. These include population growth, student numbers, migration, changes in household type, ethnicity and age (e.g. Houston & Sissons, 2011; Stephens, 2011; Crook & Kemp, 2014). I undertook initial analysis of these potential drivers. This consisted of descriptive analysis of variables from the census data which might be able to capture potential drivers. Five of the key findings from this descriptive analysis are highlighted in this section.

The first area of consideration was the potential relationship between household types and private renting. Figure 18 outlines changes in the household types accommodated in the private rented sector between 2001 and 2011. The proportion of single adult households, families with dependent children and Homes of Multiple Occupation (other household types: other) are the groups

which have experienced greatest growth in their relative size. Between 2001 and 2011, the proportion of private renter households consisting of full-time students remained stable. It is worth noting that this graph highlights relative changes in the size of different household types at a time when the tenure was expanding. This suggests that the number of student households in the private rented sector has grown at a similar rate to the tenure as a whole.

Figure 18: Relative household composition for private renting, 2001 and 2011, England<sup>25</sup>

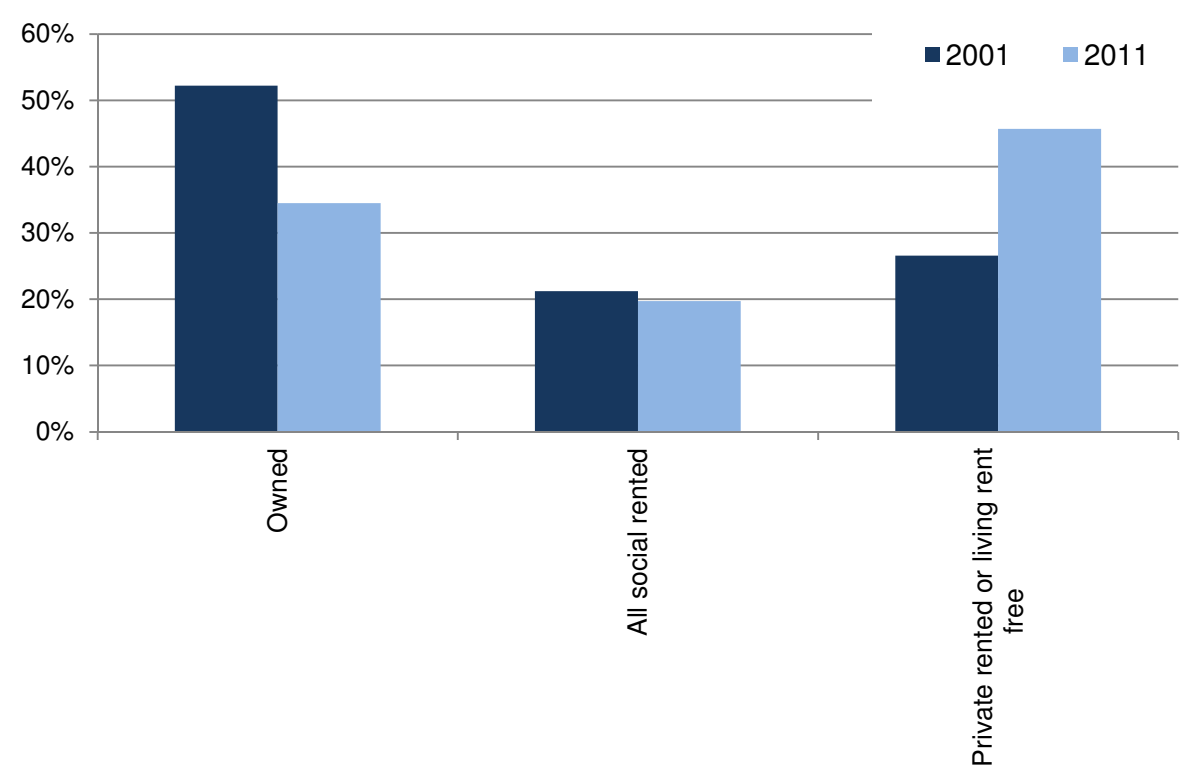


A second area of consideration relates to the age profile of households within the private rented sector. There is evidence of considerable variation in the age distribution within different tenures. Over half of outright owner households (57%) were headed by a person aged 65 or over compared to just 2% aged 16

<sup>25</sup> Includes living rent free due to classification within 2001 Census. Authors calculations from Table CS053 from 2001 Census and Table DC4101EW of 2011 Census

to 34 years old. The majority of those buying with a mortgage were in the middle age groups with 48% aged 35 to 49 and 30% aged 50 to 64. The age profile of social renting was more evenly spread between different groups. There had been considerable growth in the numbers of younger households who were private renters. In 2011 there were 1.8 million private renters aged 34 years or under. This represented an increase of 727,000 households in ten years. Figure 19 outlines the change in the proportion of households under 35 years of age in each tenure.

*Figure 19: Tenure of households aged 34 years or under, England, 2001 and 2011<sup>26</sup>*

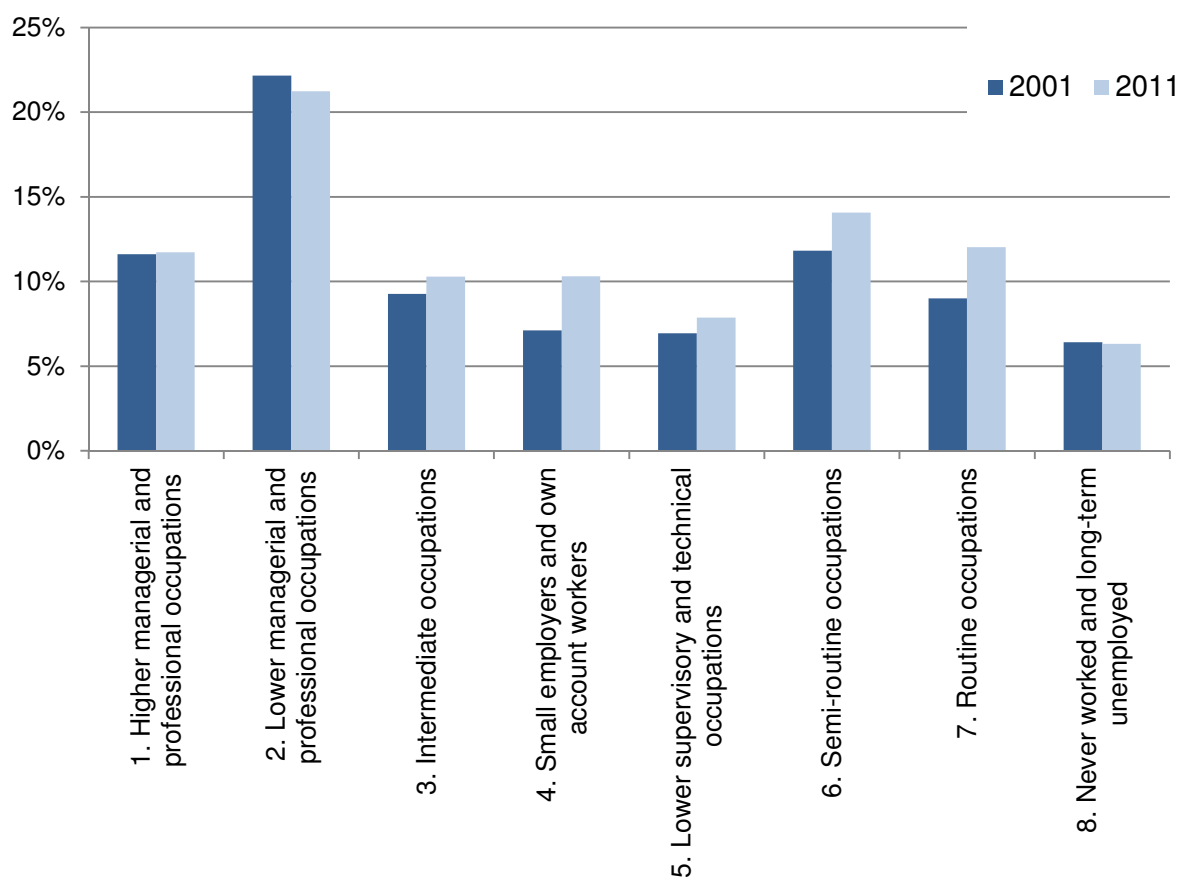


The socio-economic profile of the private rented sector forms the third area of descriptive analysis. Changes in the income profile of households within the

<sup>26</sup> Author calculations from Table S013 of the 2001 Census and Table DC4605EW of the 2011 Census

private rented sector has been described by Pearce and Vine (2013). Their analysis of the tenure between 1970 and 2010 suggests that the “growth has come from across the income spectrum” (Pearce & Vine, 2013, p.669). Figure 20 highlights changes in socio-economic groups within private renting between 2001 and 2011. It indicates that the proportion of middle and lower income households increased slightly during this period. However, the overall socio-economic make-up of the private rented sector remained broadly stable between 2001 and 2011. There is strong evidence that a wide range of socio-economic groups are accommodated within private renting (e.g. Rugg and Rhodes, 2008). It also appears that the incomes of households within the tenure remain less polarised than those in social housing or owner occupation (Pearce & Vine, 2013).

Figure 20: Socio-economic groups within private renting, England, 2001 and 2011<sup>27</sup>

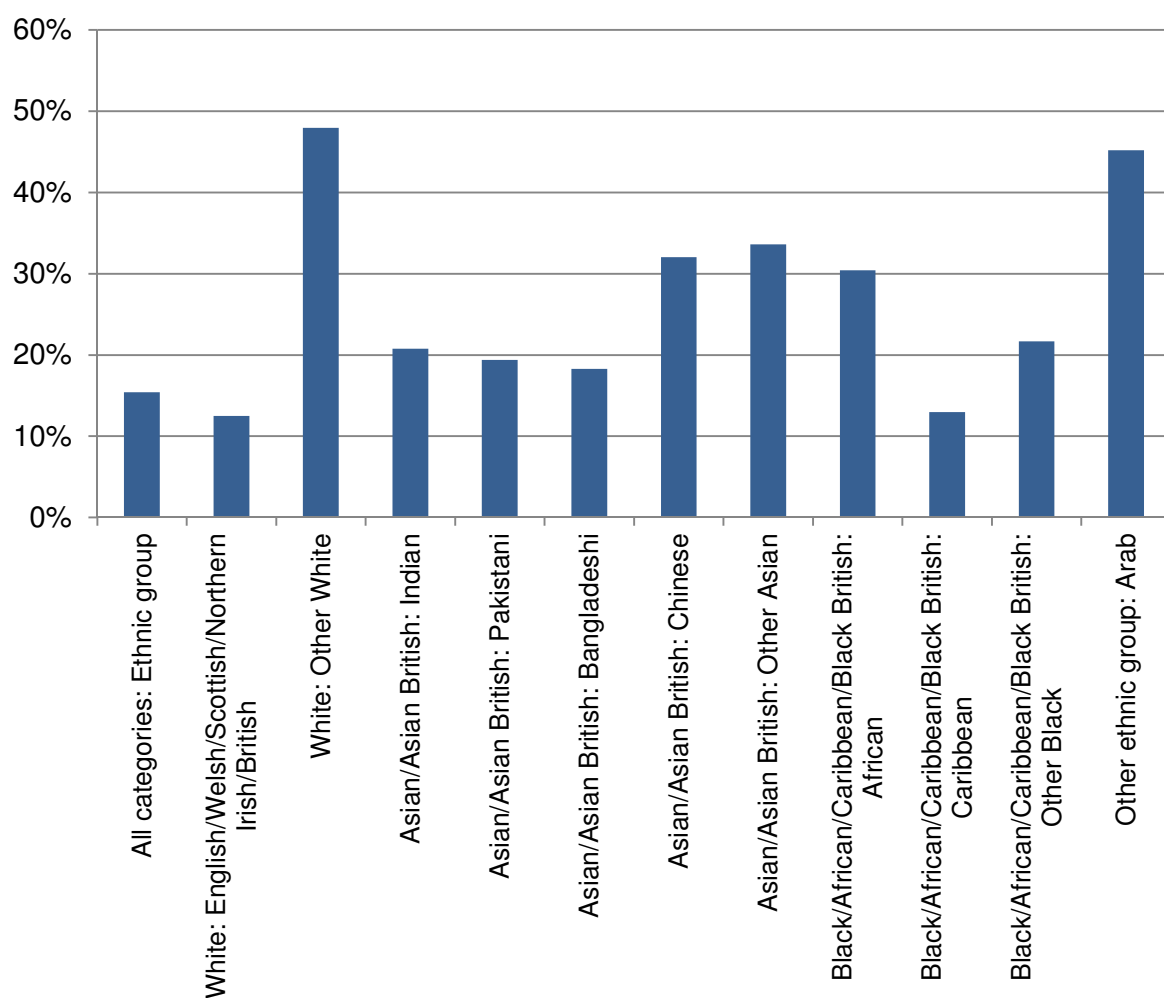


<sup>27</sup> Authors calculations based on Table S047 of the 2001 census and Table DC4605EW of 2011 census

The fourth area of descriptive analysis relates to the ethnicity of households within the private rented sector. Several ethnic categories defined in the census have high proportions of private renters in comparison to the national average (see Figure 21). Comparison between 2001 and 2011 is difficult due to changes in categorisation. Therefore, I focused on whether some ethnic groups were overrepresented in the private rented sector in 2011. The ethnic category with the highest proportion of private renters was 'white: other' which includes people who were born in Eastern Europe, South Africa, Australasia and the USA. Almost half (48%) of households with this ethnic category were living in the private rented sector. The next highest group was 'Arab' and 45% of households within this category were private renters. It was also notable just 12% of households defined as White British were living in the private rented sector which was lower than the overall average.



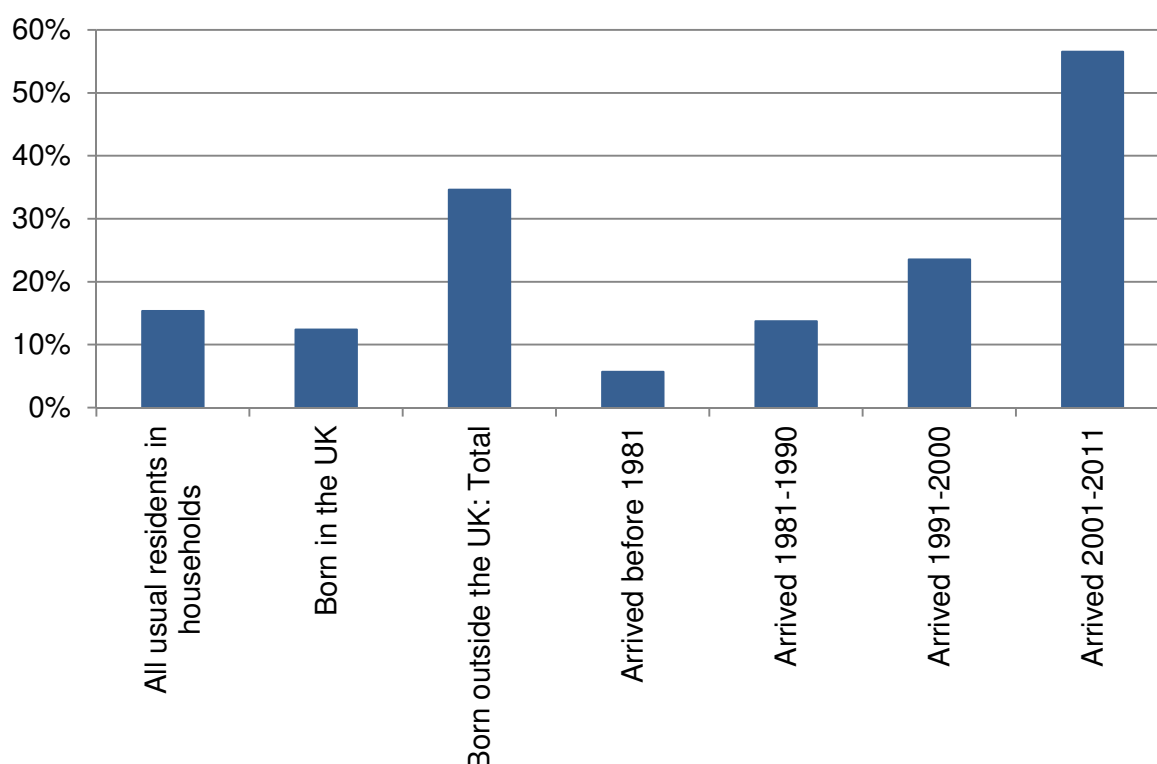
Figure 21: Percentage of ethnic category renting from a private landlord or letting agency, England, 2011 (selected groups)<sup>28</sup>



<sup>28</sup> Authors calculations based on Table DC4201EW of 2011 Census

The final area of descriptive analysis – migration – may help to explain the differences in ethnicity. Previous research has found that recent migrants commonly live in the private rented sector when they first arrive in the United Kingdom (e.g. Rex & Moore, 1967; Robinson, Reeve & Casey, 2007; Perry, 2012). The 2011 census suggests that recent migrants were predominantly living in the private rented sector. Over half of residents (57%) who arrived in England and Wales between 2001 and 2011 were private renters. The proportion of people who were private renters decreased for each historic cohort of arrivals (see Figure 22). In 2011, more than 2 million private renters had arrived in the preceding decade. It also emerges that recent arrivals with specific passports had particularly high rates of private renting. Almost three-quarters (73%) of recent arrivals with a passport from Poland were living in the private rented sector. High proportions were also seen in recent arrivals with passports from ‘all other EU accession countries combined’ (71%), United States (67%) and France (66%).

*Figure 22: Percentage of residents in private renting (private landlord or letting agency), 2011, England and Wales<sup>29</sup>*



## 5.5 Multivariate analysis of demographic and economic drivers

This section moves on to consider the interaction between different economic and demographic drivers in relation to the growth of private renting. The dependent variable for this analysis remained the relative change in the size of the private rented sector at local authority level used in the models presented in section 5.3. A range of potential independent variables were identified from the initial analysis of census data in the previous section and the existing literature (e.g. Stephens, 2011; Houston & Sissons, 2011; Crook & Kemp, 2014).

Demographic variables were obtained from the 2001 and 2011 censuses.

These were:

<sup>29</sup> Authors calculations based on table CT0069 of 2011 Census

- Overall population change
  - Change in total persons (proportion)
- Changes in household composition
  - Single person households
  - Lone parents with dependent children
  - Multi-person households (known as other households: other)
- Changes in age groups
  - Households with a Household Reference Person aged 16 to 34 years old
- Socio-economic groups
  - Full-time students
- Ethnic groups and migration
  - People born outside the UK and arriving between 2001 and 2011

This group of variables were supplemented by the following economic variables obtained from other data sources:

- House prices
  - 15<sup>th</sup> percentile house prices in 2011 from Department for Communities and Local Government (following NHPAU, 2010)
  - House Price to Income ratio: Median house price to median earnings in 2011.
- Income

- Median gross weekly income for full-time workers in 2011 was chosen as the most suitable measure.<sup>30</sup>
- Labour market
  - Percentage of resident population claiming Jobseekers Allowance (JSA) in March 2011 when the census was taken.
  - Jobs density ratio which assessed “the total number of filled jobs in an area divided by the resident population of working age in that area” (Hastings, 2003)
- Housing market
  - The total number of property transactions between quarter 2 of 2001 and quarter 1 of 2011 for each local authority area. Following Gibb and Nygaard (2005), the number of property transactions in a local area indicates the level of activity in the housing market within a local authority area.
  - Change in dwelling stock: The proportional change in dwellings in a local authority.

The data sources can be found in Appendix 3 and descriptive statistics in Appendix 4. I then used multiple linear regression to develop the following multivariate models which can be found in Figure 23.

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<sup>30</sup> As before, this is the default variable for analysis of the Annual Survey of Hours and Earnings.

Figure 23: Drivers of change model results<sup>31</sup>

	Model 1	Model 2	Model 3	Model 4
All persons	0.018 *** (0.032)	0.521 *** (0.017)	0.516 *** (0.017)	
Single person household	0.077 *** (0.016)			
Under 35 households	0.301 *** (0.009)			
Recent arrivals	0.618 *** (0.024)			0.562 *** (0.013)
Students	-0.003 *** (0.003)			0.075 *** (0.003)
Lone Parents with dependent children	0.086 (0.005)			
Multi-person households	0.119 *** (0.004)			0.212 *** (0.004)
Job density	-0.164 (1.30)			
Average job density	0.058 * (1.42)			
Weekly pay	-0.007 (0.001)			
JSA claimant rate	0.164 *** (0.070)	0.529 *** (0.066)	0.565 *** (0.075)	0.361 *** (0.055)
House price to earnings ratio	-0.092 ** (0.061)		0.072 ** (0.040)	
House price	-0.033 (0.000)			
Property transactions	0.005 *** (0.000)	0.052 *** (0.000)	0.072 *** (0.000)	0.032 *** (0.000)
Dwellings	-0.106 * (0.038)			
F change	88.6	159.7	119.5	184.4
Sig. F change	***	***	***	***
R square	0.812	0.599	0.600	0.743
N	325	325	325	325

<sup>31</sup> This table describes the standardized B co-efficient followed by standard errors in brackets. Statistical significance is denoted using the standard format so that \* indicates p<0.05, \*\* indicates p<0.01 and \*\*\* indicates p<0.001.

## Model one

There were sound theoretical reasons to include all of the variables identified into the initial multivariate model. All of the variables had been previously identified in the existing literature or my own preliminary analysis. This meant that a general to specific approach to modelling was deemed most suitable (Ercolani, 2015). The initial model was intended to be a general explanation which could be developed into more specific and parsimonious models. The first model containing all of the demographic and economic variables was highly significant and explained a high proportion of the variance in the dependent variable.<sup>32</sup> All of the demographic variables identified were highly significant, with the exception of lone parents with children. In addition, two of the economic variables were highly significant (property transactions and JSA claimant count). Three of the economic variables (house prices, weekly pay and job density) were found to be not significant. Taken together, the variables provided a model which identified a range of social and economic variables which were associated with the growth of private renting at local authority level.

However, there were two key limitations with model one. The first limitation was that the large number of variables in this model made it difficult to disaggregate the relationships between the drivers and consider their relative importance.

This failed to satisfy the main aim of the analysis, which was to identify key

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<sup>32</sup> However, caution should be exercised in interpreting r-squared values given the nature of the data sources used (particularly census data). Significance testing must be treated with caution when using census data. The census is designed to capture the whole population. In reality it represents a very large sample of the population as some groups are missed by census collection (Office for National Statistics, 2012b). The very large sample size means that variables are more likely to be found to be statistically significant. This means that the magnitude of the association should be considered in association with statistical significance (Field, 2005).

variables and interactions between them. The second limitation related to potential violations of the assumptions underpinning multiple linear regression. Venter and Maxwell suggest that four key assumption underpin this technique: random sampling, linearity, homoscedasticity and normality (Venter & Maxwell, 2001). Field (2005) outlines a wider range of assumptions which were:

- Continuous or categorical variables
- No-zero variance
- Absence of multicollinearity
- Inclusion of all predictor variables in the model
- Homoscedasticity
- Independent errors
- Normally distributed errors
- Independence of variables
- Linearity

A scatterplot of standardised residuals and standardised predicted values suggests that assumptions of homoscedasticity and random errors had been met in model one. The histogram of standardized residuals suggested that assumption of normality of errors had been met. However, there was evidence of multicollinearity in the model. Multicollinearity is defined as “a strong correlation between two or more predictor variables” (Field, 2005, p.223), It suggests that the variables were not independent and could be measuring the same factor. One of the major constraints on multi-linear regression is “the requirement that explanatory variables be truly independent” (Farrar & Glauber,



1967, p.92). Field suggests that correlations between predictor variables of greater than 0.8 provide evidence of multicollinearity. In model one, none of the predictor variables are correlated to this extent which suggests that it may not violate the assumption for multicollinearity. Other measures for collinearity include tolerance and variance inflation factor (VIF). According to Field (2005) a tolerance below 0.2 is problematic and average VIF across all variables needs to be less than 1. Some authors suggest that the VIF of every predictor should be less than 2 (Miles & Shevlin, 2001). Model one passed the tests for multicollinearity proposed by Field but failed the tests proposed by Miles and Shevlin (2001). This suggested that there might be potential issues with multicollinearity in model one. Therefore, I moved on to develop additional multivariate models which sought to provide more detailed analysis of the interaction between variables and could overcome potential issues with multicollinearity.

## **Model two**

In model two I paid close attention to three variables in order to develop a more parsimonious explanation. These variables were: JSA claimant rate, property transactions and the change in the overall population (total persons) in the local authority. JSA claimant rate and property transactions were chosen as these were the two economic variables which were found to be highly significant in model one. In addition, the change in total persons was chosen as this was a variable which might be able to incorporate a range of other demographic changes which were found to be significant. Analysis confirmed that these three

variables were correlated with the dependant variable. The bivariate Pearson correlation between:

- JSA claimant rate and change in the size of private rented sector was  $r = 0.561^{***}$  (N =325)
- Property transactions and change in the size of private rented sector was  $r = 0.351^{***}$  (N =325)
- Change in the proportion of persons and change in the size of private rented sector was  $r = 0.545^{***}$  (N =325)

The scatterplots for these variables can be found in Appendices 5, 6 and 7.

They suggest that there was a linear relationship between the dependent variable and each of the three independent variables in this model. A new regression model was created using just these three independent variables.

Model two was found to be highly significant and explained a high proportion of the variance in the dependent variable (although less than model one). This model met the tests for multicollinearity outlined by Miles and Shevlin (2001). It represented the most parsimonious explanation of the change in the dependant variable. However, it was possible that this model was an oversimplification and that the addition of more variables would increase its explanatory strength further.

### **Model three**

In model three, I reassessed the variables which are associated with 'priced out' explanations. The variable 'house price to earnings ratio' was found to be

significant in model one but not strong enough to be incorporated in model two. I added this variable to the independent variables used in model two (JSA claimant rate, property transactions and total persons). This new model – three – was designed to assess whether ‘house price to earnings ratio’ would add to the strength of model two. The results indicate that model three had very similar characteristics to model two. It represented only a marginal increase in the model strength. This suggests that ‘house price to earnings ratio’ is less able to predict the variation in the dependent variable than the three other independent variables used in model two (JSA claimant rate, property transactions and the change in the overall population).

#### **Model four**

A final model was created which sought to disaggregate the demographic variables in order to understand their interaction in greater detail. I sought to investigate if it would be possible to identify a combination of demographic variables which would have a similar effect as ‘change in the total number of persons’. I hypothesised that ‘change in the total number of persons’ might be acting to combine several of the other demographic variables. In order to test this hypothesis I sought to create a new model which continued to explain a high proportion of the variance but did not include the change in the overall population.

In this final model I removed ‘change in the total number of persons’ and added three new demographic variables: ‘single person households’, ‘recent arrivals’ and ‘multi-person households’. These variables were chosen as they were

strongly correlated with the dependent variable but only weakly correlated with each other in order to avoid multicollinearity. I also removed 'house price to earnings' after it was found add little to the model strength. Therefore, model four consisted of the following independent variables:

- Property transactions
- JSA claimant rate
- Multi-person households
- Recent arrivals
- Full-time students

The final model with these five variables was found to be highly significant. It accounted for almost as much variance in the dependant variable as model one which included 15 variables. Model four also met the tests for multicollinearity outlined by Miles and Shevlin (2001). This suggests that model four provides the best balance between parsimony and explanatory power.

## **5.6 Discussion of findings from regression models**

These four multivariate models have investigated the geographic variation in the growth of the private rented sector in England between 2001 and 2011. I sought to assess:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

The proportion of private renters increased across local authorities in England and there appeared to be important geographic differentiation in the rate of this growth. The multivariate models presented in section 5.5 sought to investigate a range of economic and demographic drivers which might be associated with the geographic differentiation in this growth. These models built on the multivariate analysis in section 5.3 which found that there was no association between the decline of purchasing with a mortgage and either of the measures of house prices and affordability. This challenged the assertion made by some commentators that the decline of mortgagor households was greatest in areas with the highest house prices. In this section I will discuss the results of the four multivariate models which investigated the growth of private renting.

The first model investigated whether there was an association between the growth of private rented sector at a local authority level and a range of demographic and economic variables. From the first model we can conclude that there is a significant association between the change in proportion of private renters and different variables measuring demographic change, unemployment, house prices and the housing market. This model demonstrates that it is possible to explain a large proportion of the variation in the growth of the private rented sector using these types of variables. In terms of the 'priced out' thesis, it might be expected that there would be a strong association between the growth of private renting and house prices or house price to income ratios. The first model found no association between the dependent variable and house prices. This suggests that the private rented sector is not increasing most in areas with the highest house prices. However, there was a

significant association between changes in private renting and the ratio of house prices to earnings. Growth in the private rented sector is associated with this measure of house price affordability. The model provided a useful general explanation of the range of different variables which are associated with growth of private renting. Additional models were needed to disaggregate the relationships between different drivers and explain the extent to which house price affordability might be interacting with other variables. There were concerns that model one might violate assumptions about multicollinearity, particularly within the demographic variables identified.

This led to the development of model two which sought to identify which variables might be most strongly associated with the changes in private renting whilst not being correlated with other independent variables. Closer examination of the model highlighted three variables which fitted these criteria. Three variables had a particularly strong, linear association with the change in proportion of private renters. They were the rate of claimants of unemployment benefits (JSA), the number of property transactions and the change in the overall population. A second model with just these three variables was able to account for a large proportion of the variance in the growth of the private rented sector. This suggests that these variables may be particularly strongly associated with the growth of private renting at local authority level. It is worth briefly considering these variables in more detail.

The first of these potential key drivers was a demographic variable: change in the overall population. Private renting was growing most rapidly in local authority areas with the largest increases in overall population. This association

is not surprising given that the tenure has long been related to mobile groups such as students, recent migrants and those moving to employment opportunities (e.g. Stephens, 2011). People moving to a new area have often chosen to live in the private rented sector as a starting point on their housing pathway. Population change may also act as a proxy to measure other types of variables, such as the labour market. A strong labour market may be attracting migration into a local authority area. Overall population change within a local authority area appears to be a driver of demand for private renting.

A second potential key driver found in model two was the number of property transactions within a local authority. The growth of the private rented sector was highest in areas with the largest numbers of property transactions. This variable was initially added to the model as a proxy for mortgage market measures as it provided a measure of activity within a housing market. Gibb and Nygaard (2005) found a significant association between the number of transactions and the relative size of the private rented sector at ward level in Glasgow. They suggest that the number of property transactions provides an indication of asset liquidity. A higher rate of asset liquidity reduces “both the opportunity and transaction costs associated with investment... If capital gain is an important determinant in the investment decision, then the ability to realize the investment will be affected by the liquidity of the holding” (Gibb & Nygaard, 2005, p.319). A local authority with high numbers of transactions may indicate that there is a more liquid housing market which might be attractive to property investors. More generally, it is one of the notable features of the housing market that it is highly illiquid. Less than 1% of housing is likely to change ownership in any year

(Lowe, 2011). However, there is considerable geographic variation in the rates of property transactions. Some housing markets experienced higher levels of transactions than others. Model two suggests that the growth of the private rented sector was most rapid in areas with more active housing markets where more stock is presented for sale.

The claimant rate of unemployment benefits (JSA) was the third key variable identified in model two. This suggests that the growth of private renting has been greater in local authority areas which have higher JSA claimant rates. The association between JSA rates and private renting might appear to contradict the notion that the tenure is related to areas with labour mobility. However, there are a number of areas, particularly London, which combines above average growth in the labour market with higher than average rates of unemployment (Social Mobility and Child Poverty Commission, 2014). JSA claimant rate may also point to the different roles played by the private rented sector in different localities. For example, in local authorities such as Blackpool and Hastings the tenure is dominated by Housing Benefit claimants (Centre for Regional Economic and Social Research, 2014b). It is possible that JSA claimant rate incorporates several different aspects of the relationship between the growth of private renting and the labour market.

The variables identified in model two do not include measures of house prices or affordability. These three variables in model two – JSA rate, property transactions and population growth – suggest that the growth of the private rented sector has been a dynamic process where demographic changes interact with housing and labour markets. How does this relate to the 'priced



out' thesis which suggests that house prices or affordability were likely to have been key drivers? This was explored in model three which added house price to income ratios to the three variables identified in model two. The addition of house price to income ratios made almost no change to the regression model. There is a significant association between the growth of private renting and house price to income ratios. However, comparison of model two and three suggests that property transactions provide a stronger association with the geographic variation in the growth of private renting.

Finally, in model four I sought to disaggregate the demographic variables. Population change (used in models one, two and three) provided a useful description of the overall demographic changes associated with the growth of private renting. The last model sought to identify the relative importance of particular variables within overall changes in population. It suggested that changes in three variables – students, recent arrivals and multi person households – were particularly strongly associated with the growth of private renting. These variables were not strongly correlated with each other which helps to overcome issues surrounding multicollinearity. Students have been identified as a distinct niche market within the tenure (e.g. Rugg & Rhodes, 2008). The private rented sector has been the primary housing option for recent migrants for decades (e.g. Rex & Moore, 1967; Robinson, Reeve & Casey, 2007). Multi-person households might be a proxy to represent different types of household living in the private rented sector. These could include groups of 'young professionals' sharing accommodation or Homes of Multiple Occupation utilised by Housing Benefit claimants in some areas (Centre for Regional

Economic and Social Research, 2014b). This final model with just five variables (students, recent arrivals, multi person households, unemployment rates and property transactions) explained almost as much of the variance as the initial model with 15 variables. It suggests that whilst the growth of private renting was associated with a range of economic and social drivers, these five variables appear to have a particularly strong association.

Taken together, it is possible to consider how these variables might interact to create the conditions in which private renting might grow rapidly. Local authorities who experienced rapid growth are likely to have seen higher than average population growth due to a combination of increasing student numbers, recent migrants or multi-person households (possibly young professionals or Housing Benefit claimants). This growth may also be related to an active labour market possibly combined with higher claimant rates of unemployment benefits. High levels of property transactions may provide an indication of the types of housing market which are flexible enough to allow rapid growth in private renting. The labour market and demographic change interact with a liquid housing market which provides opportunities for property investors. It appears that private renting is growing in local authority areas which are attracting households (both from other parts of the UK and internationally) due to a combination of labour markets and higher education. These households appear to be entering private renting either as an active choice due to their circumstances (e.g. students or short term employment) or due to constraints on entry to other tenures (e.g. JSA claimants who may not be able to access social housing and purchasing with a mortgage). The analysis presented in this

chapter supports the kind of description provided by other authors (e.g. Stephens, 2011; Houston & Sissons, 2011; Crook & Kemp, 2014) about the types of drivers that have contributed towards the growth of private renting. For example, Houston and Sissons found that the growth of private renting between 1991 and 2001 was associated with higher levels of people aged 25–34, overseas migrants, full time students, and those described as ‘permanently sick’. Development of different multivariate models makes it possible to identify some of the key drivers for this growth and begins to suggest how they might interact.

The results confirm that ‘priced out’ explanations provide a weak explanation for the decline of owner occupation at local authority level. It also supports existing academic analysis which identified a range of key drivers for the growth of private renting. My research moves on to assess the interaction between different drivers and suggests that certain drivers are particularly associated with the growth of private renting at a local authority level. It begins to highlight how different drivers may have interacted to result in the growth of private renting. The growth of demand for the private rented sector at a local authority level is a dynamic process incorporating the labour market, housing systems and demographic changes. Geographic variation in the growth of private renting is likely to be due to the differential strength of these drivers across particular local authorities. The findings in this chapter on changes in demand can also be matched against the changes in supply described in section 2.2.2. It is likely that some types of landlords have focused their investment of particular parts of

the private rented sector such as student or Housing Benefit sub-markets. This process is discussed in more detail later on in the thesis.

There are a number of areas where my analysis conducted in this chapter could be developed. A first area for further analysis would be to investigate the different submarkets or niches which operate within the private rented sector. The overall growth of the private rented sector is likely to mask differential growth of particular submarkets. The second area for development would be to assess how these drivers might operate in particular areas. In the previous chapter it was noted that “general processes of change will take particular forms in different places” (Allen & McDowell, 1989, p.7). In chapter six I will move on to consider niches operating within the private rented sector with reference to one particular local authority area.

## **5.7 Summary of chapter five**

This chapter has used multivariate analysis of census data to investigate:

- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?

The starting point was descriptive analysis of the geographic variation in tenure change. Between 2001 and 2011, the proportion of households in the private rented sector increased in almost every local authority area of England. There appeared to be important geographic differentiation in the rate of growth in different local authorities. The spatial distribution of changes in purchasing with

a mortgage, private renting and house price affordability were all different. It appears that there was no straightforward transfer of households from purchasing with a mortgage to private renting within local authority areas.

I then used multivariate analysis to assess whether there was evidence that households had been 'priced out' of owner occupation. There was no association between the decline in purchasing with a mortgage and house prices, incomes or house-price to income ratios at local authority level. This modelling did uncover a strong, linear relationship between incomes and house prices. I then moved on to investigate potential demographic drivers for the growth of private renting using census data. These potential demographic variables were incorporated into a second set of multivariate models which investigated the growth of the private rented sector at local authority level.

The growth of private renting was strongly associated with a range of economic and demographic variables. There was a particularly strong association with three variables: population change, unemployment benefit claimant rates and property transactions. House price to income ratios were associated with the growth of private renting but appeared to play a less important role than other variables. The final step was to disaggregate overall population change into three distinct demographic variables: recent arrivals, students and multi-person households. This suggests that the private rented sector was growing most in local authority areas with large numbers of property transactions, high level of claimants of unemployment benefits and overall population growth (combining recent migrants, students and multi-person households). My analysis has identified drivers that are particularly associated with the growth of private

renting. I have also highlighted the interaction between different drivers. The findings suggest that tenure change was a dynamic process which was associated with demographic changes, labour markets and housing stock. This leads on to consideration of the different niches which were operating within the private rented sector.

# CHAPTER SIX - DIVERSITY WITHIN PRIVATE RENTING: NICHE ANALYSIS IN BIRMINGHAM

## **6.1 Diversity within the private rented sector**

The 'generation rent' narratives tend towards characterising the private rented sector as one homogeneous market. Academic analysis begins to rectify this by identifying different niches which operate within private renting. However, understanding the diversity within the tenure remains one of the key limitations with current understanding of its recent rapid growth. It is not clear whether drivers have had a uniform impact across different niches or whether some of the niches have grown more rapidly than others. In this chapter I will explore the diversity within the private rented sector by asking:

- How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?

The multivariate analysis presented in chapter five began to highlight some of the key issues which are likely to arise in addressing this question. Growth in private renting at local authority level was associated with several different demographic trends including recent migrants, students and multi-person

households. These three groups hint at diversity within the types of households contributing towards the growth of the private rented sector.

Section 2.2.3 noted that the most commonly used framework for categorising the diversity within the private rented sector are the sub-markets or 'niches' developed by Rugg and Rhodes. Their review of private renting identified ten niches which were defined by "demand and supply characteristics, distinctive rental practices and – in some cases – specific types of central policy intervention that shape the way the sub-market operates" (Rugg & Rhodes, 2008, p.xiv). The key features in this typology are the demographic characteristics of tenants, tenancy type (agreement between landlord and tenant), income of the tenant, quality of housing stock and the cost of accommodation. This niche categorisation combines a number of different elements that contribute towards diversity. It also highlights types of private renting (such as tied accommodation) which rarely feature in popular discussion of the tenure. However, there are a number of limitations with the approach developed by Rugg and Rhodes.

The first limitation is that different niches are defined using various combinations of the key features they identify. For example, the student niche is identified using the demographic features of tenants but other niches (such as tied housing and regulated tenancies) are primarily identified using type of tenancy. A second limitation is the difficulty in distinguishing between niches. It is not entirely clear whether some niches are distinct from each other. For example, migrant workers living in poor quality accommodation provided by their employers might be considered to be living in three different niches: tied



housing, immigrant or slum rental. Thirdly, Rugg and Rhodes suggest that “the configuration of sub-markets will vary from area to area” (2008, p.xiv) but do not elaborate further on how niches might be spatially distributed. In summary, the Rugg and Rhodes niche typology provides a strong description of the diversity within the private rented sector but is less able to explain the nature of different niches and their spatial distribution.

In addition, the rapid growth of the sector since the publication of the Rugg and Rhodes Review means that the findings may need to be revisited. Shelter have highlighted the disproportionate growth of families within the private rented sector (de Santos, 2012). They suggested that the number of families in the tenure had doubled in the five years to 2011 and represented over one million households. There have also been more recent attempts to classify household types in the private rented sector at a national level. Strutt (2013) performed a cluster analysis on data from the Labour Force Survey using income and household type as the key variables. She suggested there were six niches:

- Higher income working age households
- Lower income working age households
- Students
- Older households
- Economically inactive households claiming Housing Benefit
- Economically active households claiming Housing Benefit

Finally, there has been analysis of niches within a specific housing market: the West Yorkshire region (Hickman, Sprigings, McCoulough, *et al.*, 2008). This

suggested that around 35% of private renters were within a Housing Benefit niche and around 10% were students. Overall, the research suggested that within their study area private renting was “a diverse and fragmented sector” and that “at a spatial level, it comprises a number of distinct and disconnected sub-markets” (Hickman *et al.*, 2008, p.iv).

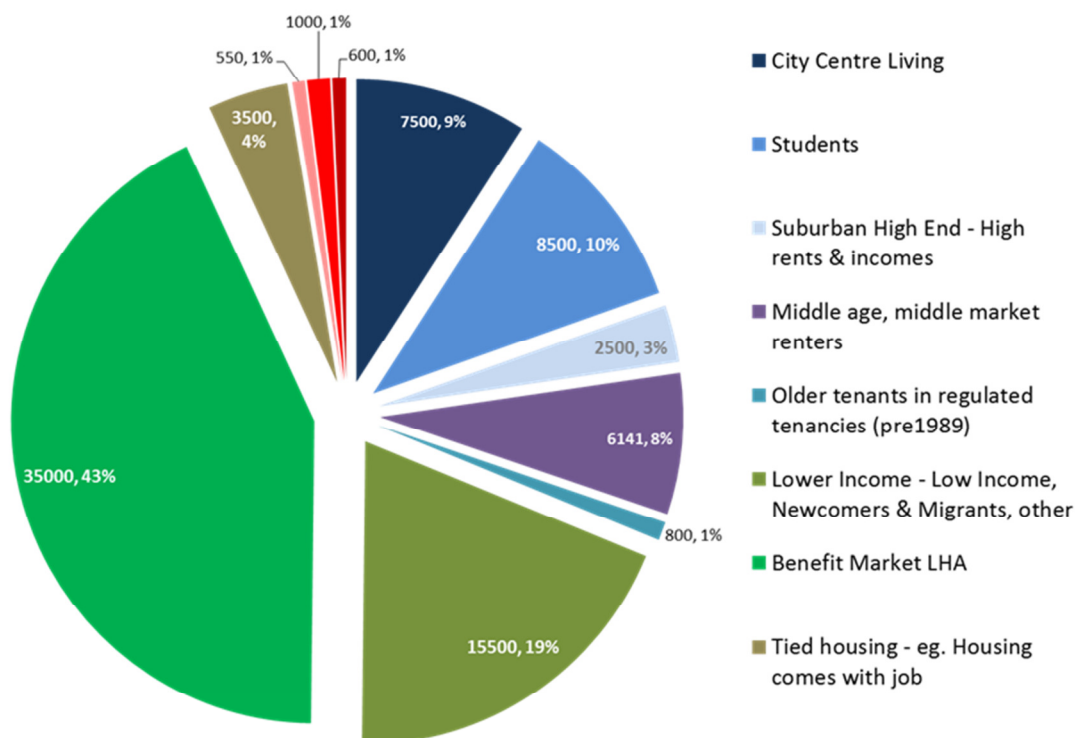
Within Birmingham, the City Council has sought to use the framework developed by Rugg and Rhodes to identify niches in the private rented sector (see Figure 24). This analysis provided an indication of the relative size of different niches in the city. It highlighted the Local Housing Allowance (Housing Benefit) sub-market as the largest niche comprising 43% of private renters. The size of this category raises the question as to whether it is possible to describe this group as a niche. In some local authorities, such as Blackpool, Housing Benefit claimants account for over 90% of households living in the private rented sector (Centre for Regional Economic and Social Research, 2014b). Is it possible to describe Housing Benefit claimants as a niche when they dominate the private rented sector to this extent? Other important niches in the Birmingham categorisation include ‘Lower income, newcomers and migrants’ comprising 19% of households and ‘students’ comprising 10% of households. These different approaches to identifying niches provide greater understanding of the diversity within the private rented sector. However, they fail to address the key shortcomings of the Rugg and Rhodes description. These are:

- which factors to include in the niche analysis
- how to distinguish between niches

- the spatial distribution of niches

In addition to these shortcomings, there is also a need to ensure that there is a clear purpose underpinning any niche categorisation. As noted in chapter three, Allen & McDowell (1989) suggest that research questions are closely linked to the type of explanation which emerges from analysis. Therefore, we might expect that different research questions will lead to different types of niche classifications. In this chapter I will seek to investigate how different drivers have interacted to create the variation seen within the private rented sector by developing the niche framework proposed by Rugg and Rhodes.

*Figure 24: Segmentation Analysis of the Private Rented Sector, Birmingham, 2014*<sup>33</sup>



<sup>33</sup> Developed by: Ikram, R. (2014) Birmingham City Council

## 6.2 Methodology for niche analysis

In order to develop a niche analysis it was necessary to identify a clear methodological process. This methodology consisted of three stages:

- Clarify the purpose and nature of the niche framework
- Develop an approach to identify homogeneous and distinct niches
- Identify the spatial level and location for the niche analysis

The first step was to clarify the purpose and nature of the niche framework.

Bailey (1994) suggests that classifications represent a descriptive tool which reduces complexity and enables the study of relationships between different variables. It has been stated that “in its simplest form, classification is merely defined as the ordering of entities into groups and classes on the basis of their similarity” (Bailey, 1994, p.1). The aim of this process is to create groups which are both relatively homogeneous and also distinct from other groups. Bailey describes classification as both a process and an end point. The key to this process is deemed to be the selection of the right characteristics on which to make a distinction. In order to achieve this it is necessary that “the fundamental or defining characteristics of the phenomenon be identified” (Bailey, 1994, p.2). From this basis it is possible to develop a typology which Bailey describes as a multidimensional and conceptual classification.

The purpose of the niche typology that I have developed was to seek to understand the rapid growth of private renting by investigating the diversity within the tenure. This niche typology was intended to be triangulated against the multivariate models presented in chapter five and overcome the limitations

identified with the Rugg and Rhodes approach. In order to develop this kind of niche framework it was necessary to start by identifying the defining features of this phenomenon. It may be helpful to return to the conceptual framework that I outlined in section 4.1. My definition suggested that each private rented dwelling consists of a tenant household, a landlord and a unit of housing stock.

Therefore, niches might be defined as distinctive configurations of tenants, landlords and stock within the private rented sector. This definition differs from the Rugg and Rhodes approach by omitting the type of tenancy (e.g. tied housing, regulatory, assured shorthold etc.). I would argue that tenancy type acts to mediate the relationship between landlords, tenants and stock.

The second step in developing a methodology was to find an approach to identify homogeneous and distinct niches. Geodemographic analysis offers an approach which provides the tools required to identify niches and their spatial distribution. "Geodemographics is the 'analysis of people by where they live'" (Harris, Sleight & Webber, 2005, p.2). It represents an approach to creating neighbourhood classifications or area typologies that help understand differences between populations in these areas. This can support analysis of the drivers of growth in the private rented sector because "identifying geographical patterns or trends within societies is an important step towards understanding the processes and phenomena that gave rise to those patterns in the first place" (Harris, Sleight & Webber, 2005, p.14). In order to develop classifications "geodemographic methods assume (positive) spatial autocorrelation when residents of the same neighbourhood are taken to share, in broad terms at least, some common socio-economic and/or behavioural

characteristics” (Harris, Sleight & Webber, 2005, p.17). The most common approach to developing geodemographic profiles is k-means analysis. This is a form of cluster analysis in which the number of clusters (k) is specified at the start of the model based on the size of sample, type of data available and theoretical considerations. An iterative process of allocation and reallocation is used to find a solution that offers the best fit. This approach “generates solutions which retain a higher proportion of the variance of the source variables and clusters which are more equal in population size” (Harris, Sleight & Webber, 2005, p.162).

Using geodemographic analysis to develop a niche typology provided a more detailed understanding of the tenure. It was intended to allow fine grained analysis of niches within private renting and their spatial distribution. This approach is also practical as it was able build on existing data sources and analysis in order to maximise the amount of research which could be undertaken. In 2014, the Office for National Statistics published a geodemographic tool known as the Output Area Classification (OAC). “The classification places each UK output area... into a group with those other output areas that are most similar in terms of census variables. This enables similar areas to be classified according to their particular combination of characteristics” (Office for National Statistics, 2014, p.2).<sup>34</sup> The OAC included 60 census variables across five domains: demographic structure, household composition, housing, socio-economic and employment. Within the housing

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<sup>34</sup> This classification operates for output areas which is the smallest geographic level available for the census. Output areas have a minimum size of 40 resident households and 100 persons but more commonly incorporate around 125 households.

domain, three variables related to housing tenure including 'percentage of households within the private rented sector' (Office for National Statistics, 2014b). Many of the other variables included within the OAC were similar to those used in my previous multivariate analysis of the growth of private renting. For example, the OAC included variables on ethnicity, age and unemployment.

The similarities between the data used in my multivariate analysis and the OAC suggested that there would be a good fit between the two different approaches. Using the OAC as a starting point for my analysis was designed to provide a cost-effective basis to analyse a wide variety of different variables which might be associated with the rapid growth of private renting. The OAC was intended to provide a starting point for assessing the differences between neighbourhoods and the clustering of private renting in certain areas. There were two potential limitations to developing a niche classification using geodemographic analysis and, specifically, the OAC. The first limitation was that the OAC only contained data relating to housing stock and households. It did not contain any data on landlords or Housing Benefit. It has already been noted that Housing Benefit plays a crucial role in the private rented sector and would need to be included in any niche analysis. Several classifications of landlords were presented in section 2.2.2. This analysis is compared to the findings of the geodemographic analysis later in the chapter. A second issue related to the scale of analysis possible using this technique. Geodemographic analysis is designed to investigate relatively small areas. This leads on to discussion of the spatial scale for the analysis.

The third stage for developing a methodology was to identify the spatial level and location for the niche analysis. One of the potential limitations of geodemographic analysis – the need to focus on relatively small areas – might actually prove to be a benefit for this research. It led towards creation of a case study which was intended to triangulate evidence and illuminate the relationships between different drivers. One of the key benefits of a case study approach is that it:

“rests implicitly on the existence of a micro-macro link in social behaviour. It is a form of cross-level inference. Sometimes, in-depth knowledge of an individual example is more helpful than fleeting knowledge about a larger number of examples. We gain a better understanding of the whole by focusing on a key part” (Gerring, 2007, p.1).

However, there are often concerns about the validity of a case study approach and its methodological status is still “highly suspect” (Gerring, 2007, p.7).

Gerring argues that this is because the case study approach is poorly understood rather than being inherently weak. This is partly due to difficulties in defining a case study approach. In order to combat this, Gerring describes a case as “a spatially delimited phenomena (a unit) observed at a single point in time or over a period of time” (2007, p.19).

The key feature of a case study approach is intensive observation of a case which is temporally and spatially defined in order to gain insight into a wider process. It is argued that case study approaches are particularly beneficial for



generating theory, providing strong internal validity, gaining insight into causal mechanisms and developing a depth of analysis. Another benefit is that case studies can incorporate both quantitative and qualitative data. The final benefit relates to the analytical framework utilised in this research. My framework suggests that many of the drivers under consideration are likely to have operated at the meso-level of geographically bounded systems. A case study provides an opportunity to investigate these local housing systems in detail. This approach also provided the opportunity to move from the 'particular to the general' as proposed by Allen and McDowell (1989).

Bryman (2012) outlines a number of different types of cases which can be selected. These are:

- critical cases which can test the limits of a well-developed theory;
- extreme or unique cases which can provide an interesting and important point of comparison;
- exemplifying cases which are typical of, or broadly represent, a wider group of similar cases;
- revelatory cases which provide access to unique data which is not available in other cases;
- longitudinal cases which can be measured over time.

Identifying an exemplifying case might have been a relevant approach for this research. An exemplifying case would reflect some of the most interesting changes in the private rented sector including growth in student numbers, migration and different types of landlords. It would also need to be recognisable

as a distinct housing market area. However, it is not clear whether any case study could be accurately described as exemplifying others. The research in this area is not developed enough to be clear that any particular area would represent an exemplifying case study. This may not be a major issue as the multivariate analysis suggests there are likely to be common drivers acting across different areas. Therefore it was worth exploring a case study as it should provide useful insights into the wider trends within the private rented sector.

One particular area – Birmingham – provided the opportunity to combine some of the key benefits of unique, revelatory and longitudinal cases. There is a considerable history of research into the private rented sector in Birmingham. This can act as a basis for longitudinal analysis of changes in the tenure. Existing relationships with Birmingham City Council also provided access to Housing Benefit data which is not publicly available. Access to local level Housing Benefit data was likely to considerably strengthen the development of a niche framework. Birmingham is also unique in being the largest local authority in England and therefore was expected to contain a diverse set of private rented circumstances. It also represented a reasonably distinct housing market under the jurisdiction of one local authority.<sup>35</sup> The existing links with Birmingham City Council also meant that any findings could be used to influence policy and practice. Taken together, this suggested that a case study

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<sup>35</sup> The Birmingham housing market is relatively distinct but still needs to be considered as part of a wider regional housing system. I will seek to keep a balance between these two spatial scales.

in Birmingham would provide greater insights into drivers and their impacts than other possible alternatives.

These methodological choices led to the development of a clear approach to creating a niche typology. The first stage involved background analysis to understand the context of the case study area and the history of tenure change (section 6.3). This formed the basis for geodemographic analysis of the private rented sector in the city presented in section 6.4. Geodemographic analysis provided an initial analysis of the key features of private renting in Birmingham across a range of variables. Additional analysis of stock is outlined in sections 6.5 to supplement the geodemographic analysis. Housing Benefit data from Birmingham City Council is analysed in section 6.6. These different data sources were combined to develop a niche typology (reported in section 6.7) using a k-means cluster analysis.

### **6.3 Tenure change in Birmingham**

The seminal study of the Sparkbrook district of Birmingham in the 1960s by Rex and Moore (1967) provides a rich and detailed basis for understanding tenure change in the city. Section 3.1.1 outlined their overall approach which developed a set of housing classes. More specifically, as immigrants arrived in Birmingham in the 1950s they had difficulties accessing council housing or obtaining mortgages to enter owner occupation. This meant that most were initially accommodated in the private rented sector. “The first landlords were, in fact, local residents but they were quickly followed by immigrants who, in the process of housing themselves, could not but provide rented housing for others”

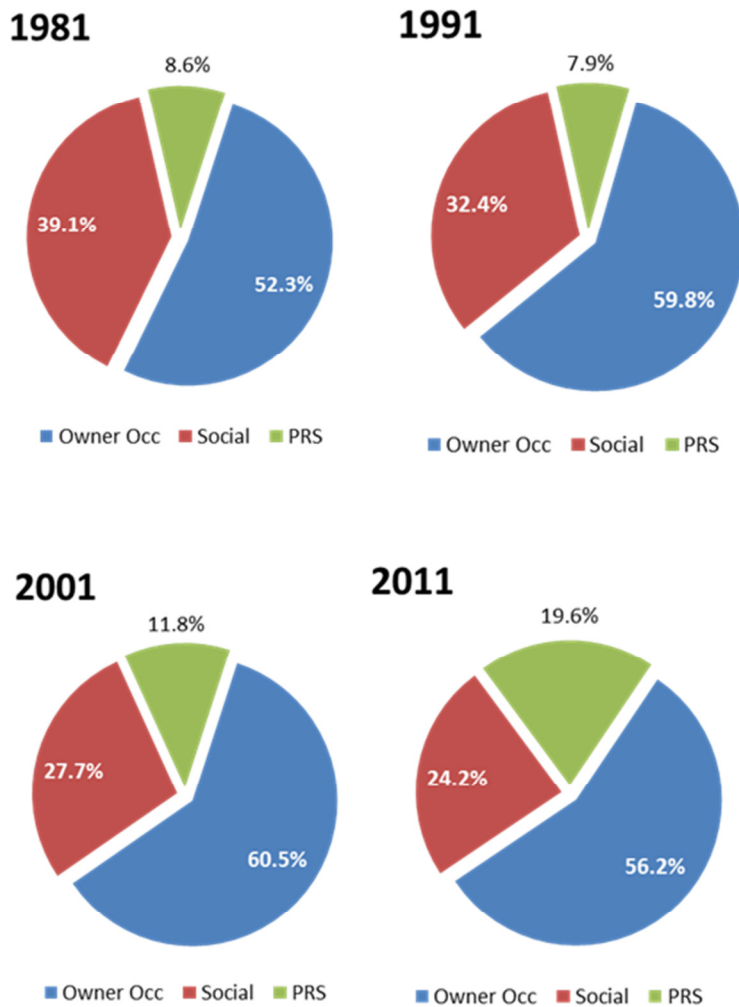
(Rex & Moore, 1967, p.30). The initial wave of immigrants from Pakistan and India were dominated by young, single men. Recent migrants who were able to access loans to purchase property could make a profit providing accommodation to their peers.

The development of new niches within the private rented sector took different forms in different cities. “In northern cities these immigrants found small back-to-back terraced cottages” (Rex & Moore, 1967, p.30). However, in Birmingham “virtually the only houses these immigrants could buy were late Victorian and Edwardian terrace houses... Buying a house of this kind was possible only if the owner proceeded to let rooms” (Rex & Moore, 1967, p.30). This led to the development of lodging houses and “once multi-occupation began in an area, it snowballed” (Rex & Moore, 1967, p.31). Existing owners were able to make a profit selling their properties and whole areas became “twilight zones”. The local authority challenged this trend by refusing planning permission to “landlords who sought to establish new areas of multi-occupation” (Rex & Moore, 1967, p.31). This example provides evidence of the types of interactions between tenant households, housing stock and landlords which led to the development of particular niches in Birmingham.

Overall changes in housing tenure from the 1980s onwards can be found in Figure 25 below. In 1981 Birmingham had a larger social rented sector than the national average. At this time the private rented sector in Birmingham was slightly smaller than the national average at 9% of households (compared to

11%).<sup>36</sup> By 1991, there had been a considerable decline in the relative size of the social housing sector in Birmingham and the private rented sector continued to decline in the city. The private rented sector increased slightly by 2001 before growing rapidly up to 2011. Analysis by Bentley et al suggests that “significant transfers of former council dwellings to home ownership and then into private renting have taken place” (2013, p.2).

Figure 25: Tenure change in Birmingham<sup>37</sup>



<sup>36</sup> Figures for England taken from: Department for Communities and Local Government, 2013

<sup>37</sup> Census data compiled by: Bentley, Cloke, Murie, *et al.*, 2013

Figure 26 suggests that, between 2001 and 2011, Birmingham experienced tenure changes that were broadly in line with national trends. The relative growth of renting from a private landlord was slightly higher than the national average in Birmingham with a 9 percentage point increase. In 2001, Birmingham still had relatively high levels of social housing and lower levels of owner occupation than the national average. The changes between 2001 and 2011 brought the tenure structure of Birmingham more into line with national averages.

*Figure 26: Tenure change in Birmingham, Households, 2001 to 2011<sup>38</sup>*

Tenure		2001		2011		Change	
		No.	%	No.	%	No.	Percent age point
Owned	Owned outright	102,999	26.4%	106,416	25.9%	3,417	-0.4
	Owned with a mortgage or loan	129,772	33.2%	120,200	29.3%	-9,572	-3.9
Shared ownership		3,438	0.9%	3,940	1.0%	502	0.1
Social rented	Rented from council (local authority)	75,783	19.4%	63,458	15.4%	-12,325	-3.9
	Other	32,646	8.4%	36,134	8.8%	3,488	0.4
Private rented	Private landlord or letting agency	30,625	7.8%	68,647	16.7%	38,022	8.9
	Other (including living rent free)	15,529	4.0%	11,941	2.9%	-3,588	-1.1

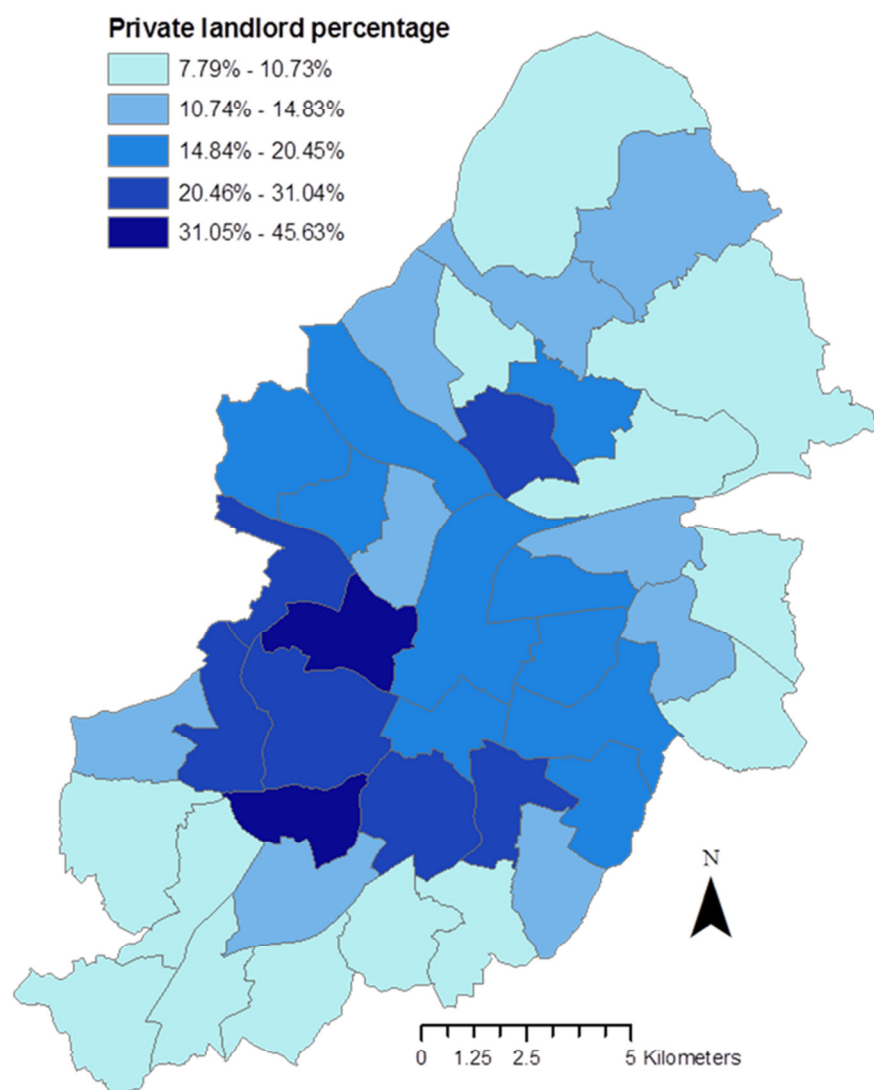
The relative size of the private rented sector in Birmingham in 2011 at ward level can be seen in Figure 27 (and the names of these wards can be found in

<sup>38</sup> Authors calculations from Table KS18 of 2001 Census and Table KS402EW of the 2011 Census. The equivalent figures for England can be found in Figure 4.

Appendix 8). The 2011 census indicates that there was a high level of variation in the relative size of the private rented sector across these wards. These ranged from 8% of households in Kings Norton to 46% of households in Ladywood. The wards with the highest rates of private renting (Ladywood, Selly Oak and Edgbaston) were to the South West of the city centre. Wards with low rates of private renting were generally on the fringes of the city including Kings Norton on the southern edge, Shard End on the Eastern edge and Sutton Vessey to the North.

The change in the relative size of the private rented sector between 2001 and 2011 at output area level is presented in Figure 28. Output areas represent the lowest geographic level at which tenure data is available and three key findings emerge from this map. The first is that only a few output areas (7%) experienced a decline in the relative size of the private rented sector. Secondly, almost 80% of output areas experienced an increase of up to 15 percentage point in the size of this tenure. The third finding is that some output areas experienced dramatic increases in the relative number of private renters. In 82 output areas (3%) the relative size of the tenure increased by over 30 percentage points. There appears to be a clear cluster of output areas with this rapid growth around the city centre. In the next section I will move on to consider these spatial patterns in more detail.

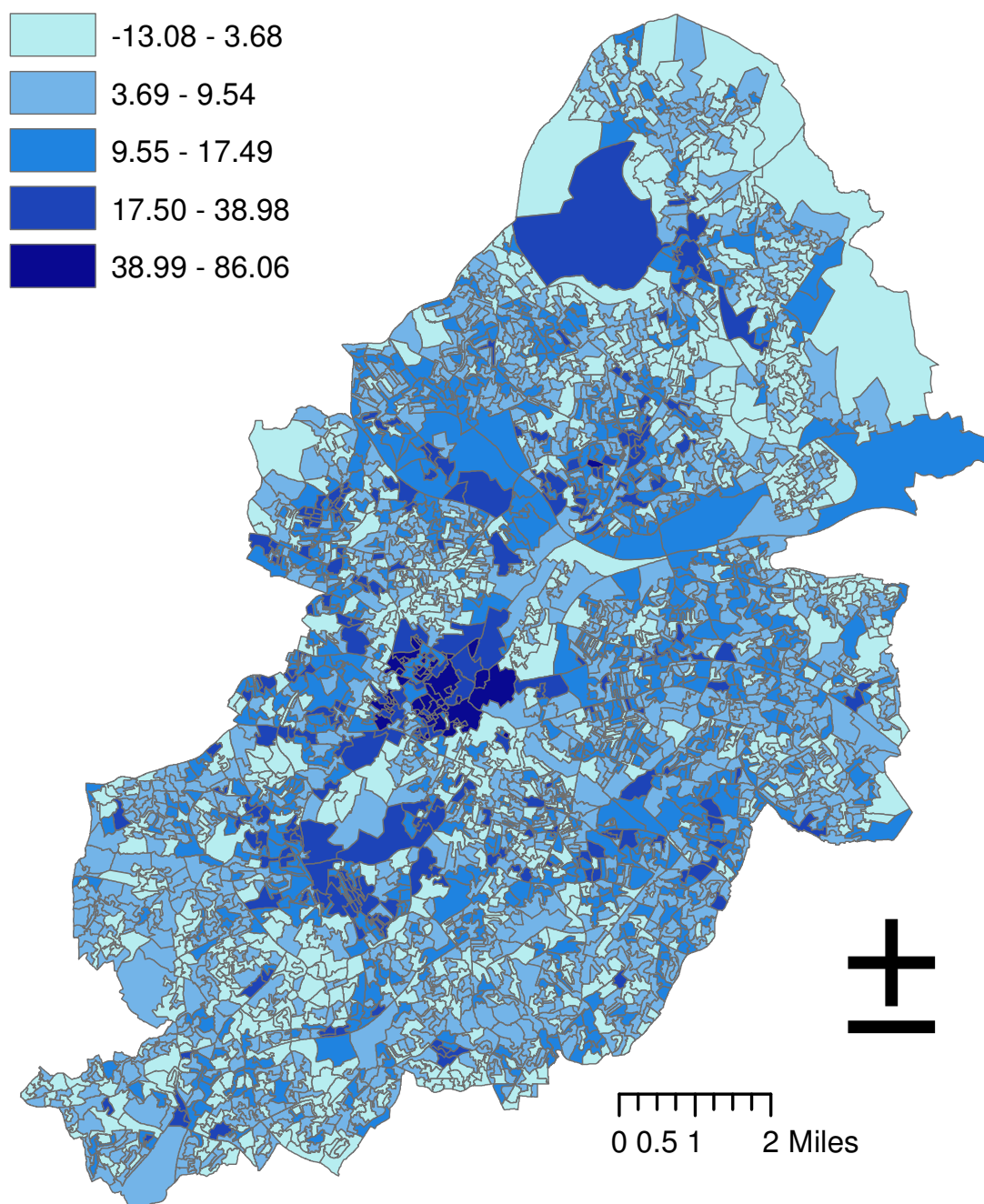
Figure 27: Percentage of households renting from a private landlord, Birmingham, 2011<sup>39</sup>



<sup>39</sup> Authors calculations based on data from the 2011 Census accessed via NOMIS



*Figure 28: Change in the relative size of private rented sector, percentage points, Birmingham, 2001 to 2011<sup>40</sup>*



<sup>40</sup> Authors calculations from Table KS18 of 2001 Census, Table KS402EW of the 2011 Census and Output Area Classifications from ONS.

## **6.4 Geodemographic analysis**

### **6.4.1 Geodemographic analysis of the private rented sector in 2011**

The initial geodemographic analysis sought to identify the key features of private renting in Birmingham. The first step was to use the OAC to assess the private rented sector in 2011. I then moved on to investigate the growth in the tenure across the city in the previous decade using the OAC categories. The private rented sector in Birmingham at output area level displayed a number of key features at the time of the 2011 census. These were:

- A small proportion (3%) of private renters lived in output areas with very low levels of private renting.
- Around half of private renters (49%) lived in output areas where it was a minority tenure and accounted for between 5 to 25% of households.
- Just less than one third of private renters (29%) lived in output areas where their tenure was more spatially clustered and accounted for between 25 and 50% of households.
- Private renting was the majority tenure in only a small number of output areas (less than 5%) but these areas accounted for 18% of all households in the private rented sector.

More detailed analysis of the OAC for areas with higher densities of private renting can be found in Appendix 9.

This analysis (see Figure 53) highlights two groups that appear to be highly spatially concentrated. 'Inner-city Students' predominate in the South and West of the city centre. 'Students Around Campus' appear in two distinct clusters. The first covers the North and East of the city centre whilst the second surrounds the main campus of the University of Birmingham in Selly Oak (South West of the city centre). This suggests that areas with high levels of students represent a very clear niche both in terms of spatial clustering and high concentrations of private renting. The 'Urban Professionals and Families' group appears most commonly in two clusters which are further away from the city centre than other groups. One cluster is in Harborne to the South West of the city and the other is in Sutton town centre to the North of the city. Other groups with distinct spatial configurations are discussed in Appendix 9.

In summary, areas where the private rented sector is dominant (greater than 50% of households) are highly spatially defined in the city centre and Selly Oak. These areas consist of two OAC types: 'Students Around Campus' and 'Inner City Students'. Areas where the private rented sector is clustered (25 to 50% of households) appear most obviously around the fringe of the city centre and surrounding Selly Oak. The main OACs for these areas are 'Challenged Asian Terraces', 'Asian Traits' and 'Rented Family Living'. However, almost half of private renters are living in areas with diffuse concentrations of this tenure. It is possible that these 'hidden renters' form a distinct niche of their own particularly in suburban areas but they are much more difficult to identify as they come from a range of different OAC types.

### **6.4.2 Geodemographic analysis of changes in private renting between 2001 and 2011**

The second part of the initial geodemographic analysis assessed the OAC associated with the growth of private renting between 2001 and 2011. Analysis of this group showed that:

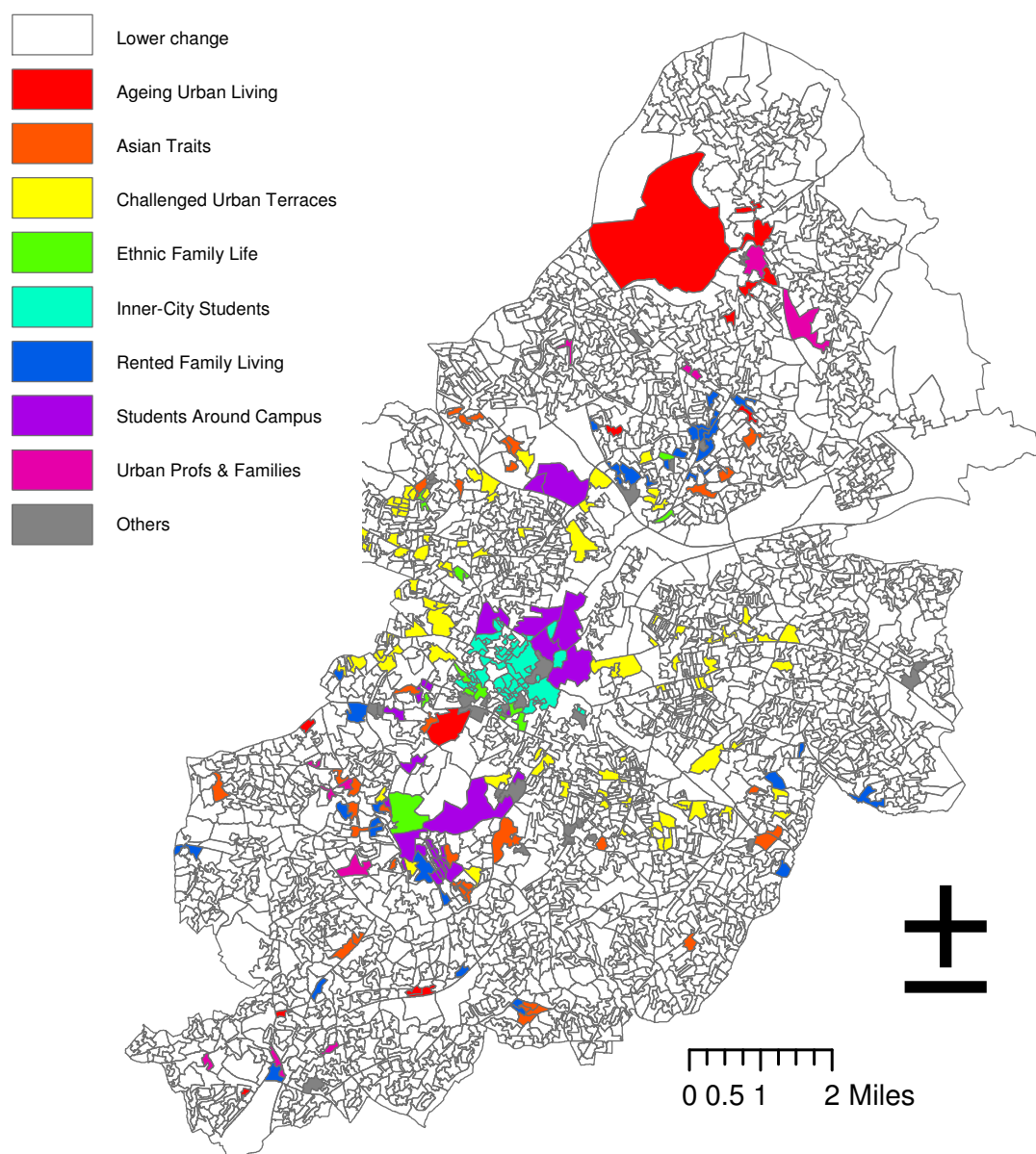
- Only 7% of output areas experienced a decline in the relative size of the private rented sector and the size of this decrease was usually very small.
- Two thirds of output areas (63%) experienced modest growth of up to 10 percentage points. Just over one third of the absolute growth of private renting in the city (37%) occurred in these areas.
- Almost one quarter of output areas (24%) experienced moderate growth of between 10 and 20 percentage points. Just over one third of the growth of the tenure (38%) occurred in these output areas.
- In 7% of output area the relative growth of private renting was greater than 20 percentage points. Around one quarter of the growth in private renting (26%) occurred in these output areas.

Figure 29 highlights the OAC for areas where there has been the most rapid increase in the private rented sector. There was evidence of clear spatial patterns in the rapid growth in private renting. The most obvious location was in the city centre, and largely consisted of areas classified as 'Students Around Campus' or 'Inner-City Student'. Several different classifications were

represented in the second growth location around Selly Oak to the south west of the city centre. 'Rented Family Living' and 'Asian Traits' appear alongside the largest group: 'Students Around Campus'.

Two additional clusters of moderate growth appear from this map. One cluster was situated on the boundary between Perry Barr and Stockland Green to the north of the city centre. It consists of areas classified as 'Challenged Asian Terraces' with some 'Students Around Campus'. The second cluster was in Sutton town centre at the northern edge of the city and the most common group is 'Urban Professionals and Families'. There was also growth in 'Challenged Asian Terraces' on the fringes of the city centre. In summary, there appeared to be very rapid growth in city centre and Selly Oak. Then slightly less rapid growth in Perry Barr/Stockland Green, Sutton and the city centre fringe. In addition there were individual output areas across the city which experienced rapid growth.

*Figure 29: Output Areas Classification group where growth in the private rented sector was highest, 2001 to 2011, Birmingham<sup>41</sup>*



This analysis begins to highlight the existence of different niches within the private rented sector in Birmingham in 2011. Student dominated areas were distinct in terms of their demographic profile and geographic location within the

<sup>41</sup> Most rapid increase is defined as areas with top 10% increase in relative size of the private rented sector. Authors calculations from Table KS18 of 2001 Census, Table KS402EW of the 2011 Census and Output Area Classifications from ONS.

city. There were some clear clusters of rapid and moderate growth in private renting. Student dominated areas experienced highly spatially concentrated growth both in the city centre and Selly Oak. These areas appeared to have two different typologies, particularly in terms of the housing stock. In Selly Oak the growth of private renting was largely occurring in areas with terraced housing. Whilst in the city centre there was growth in areas with higher proportions of flats. Almost half of private renters were 'hidden' in areas with low concentrations of this tenure. They include a range of different types of output areas. The private rented sector in these suburban areas was much more difficult to classify.

There are three other limitations with the geodemographic analysis presented thus far. The first is that it has not been able to assess the types of landlords which may be operating in different niches. Different landlord typologies were outlined in section 2.2.2. There is no existing data source relating to landlords operating in Birmingham. Sources such as the census provide detailed and localised data on both housing stock and household types but there is no equivalent data concerning landlords. This means that this existing academic analysis provides the best source of information about the types of landlords who might be found in the city (and these are discussed at various points in the chapter). Secondly, the geodemographic analysis was not able to assess changes in housing stock which might be acting as a driver of the private rented sector in Birmingham. Section 6.5 summarises information concerning this issue. A final difficulty relates to the lack of data relating to Housing Benefit and this is addressed in section 6.6. The final niche typology is then developed in

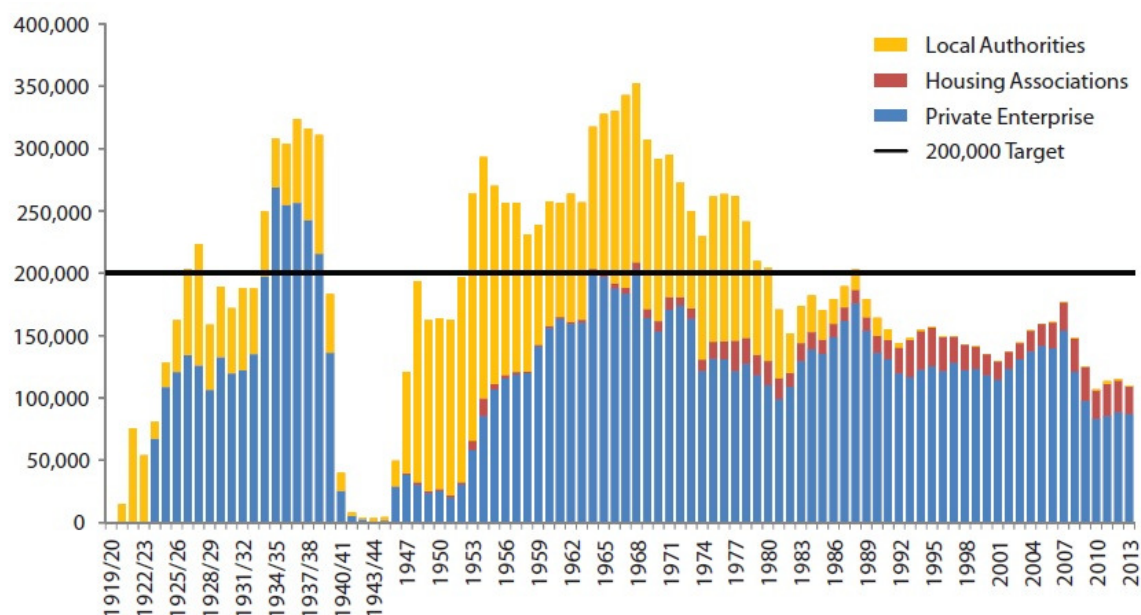
section 6.7 by drawing together the key features of the private rented sector into a single model.

## **6.5 Stock**

The second limitation of the initial geodemographic analysis was that it was not able to capture changes in the housing stock in Birmingham between 2001 and 2011. OAC only utilises housing stock data from the 2011 census. Before focusing on Birmingham it is worth noting the overall pattern of housing supply in England. The mismatch between housebuilding and household formation was one of the key features of the English housing system. Figure 30 highlights the number of housing completions and the long term decline in the supply of new housing stock. A recent estimate suggested that “despite recent population growth... we have only built an average of 137,000 homes per year over the last ten years, creating a backlog of over one million homes” (The Lyons Housing Review, 2014, p.19). The inelasticity of supply has been a key concern of housing policy and was the central problem identified in the Barker Review of Housing Supply (Barker, 2004). A range of different causes have been proposed which include the structure of the housebuilding industry, land supply, planning policy and housing finance (e.g. The Lyons Housing Review, 2014; Dolphin & Griffith, 2011; Calcutt, 2007). It appears that housing undersupply has led to increased pressure on the housing system with considerable levels of unmet housing need. However, the relationships between house building and household formation are complex and contested (e.g. Bramley, Pawson, White, *et al.*, 2010).



Figure 30: Historic housing completions, England, 1919 to 2013<sup>42</sup>



The relationship between new supply and landlords was analysed by the Private Landlords Survey. It found variation in the types of properties owned by different landlords. It was notable that “a quarter (28%) of all dwellings owned by new landlords were purpose built flats” (Department for Communities and Local Government, 2011, p.20). Flats were the most common type of dwelling accounting for 40% of landlord’s properties. Terraced housing accounted for a further 31% of dwellings in the tenure. Acquisition of properties meant that “landlord types thus have a significant impact on the level of churn of properties introduced into the PRS” (Department for Communities and Local Government, 2011, p.27). Findings from the survey support the landlord typologies outlined in section 2.2.2 which highlighted the distinction between new build flats and existing, older, terraced houses. These two types of dwelling are the most common in the private rented sector.

<sup>42</sup> Taken from Figure 5, Page 19 of The Lyons Housing Review, 2014

Leyshon and French argue that buy-to-let has distinctive geographic features “that characterise most cities and towns where buy-to-let has become a significant part of the urban landscape” (Leyshon & French, 2009, p.454). The first consists of new build apartments situated:

“in purpose-built residential development projects. New build is the minority category of buy-to-let, making up between 10 per cent and 20 per cent of total stock. It is concentrated in city centre locations, frequently on brownfield sites, effectively redeveloping former industrial or run-down areas of cities” (Leyshon & French, 2009, p.454).

In contrast, the rest of the buy-to-let market is dominated by two and three bedroom terraced housing and the landlords “who operate within an older stock of property tend to maintain more regular and closer contacts with both their tenants and their properties” (Leyshon & French, 2009, p.455).

The relationship between new-build properties and buy-to-let was noted by a review of investment in private renting by HM Treasury. This suggested that the private rented sector had “played a disproportionate role in funding new-build supply in recent years” (HM Treasury, 2010, p.3). It argued that buy-to-let had made an important contribution to housebuilding as:

“based on a sample of buy-to-let mortgages taken out between 2004 and 2007, it has been estimated that around ten per cent of loans were for a new-build property. With 346,000 buy-to-let mortgages approved in 2007 this suggests that it may have accounted for some 35,000 new-build acquisitions out of a total new housing supply of 182,800 in the UK – or

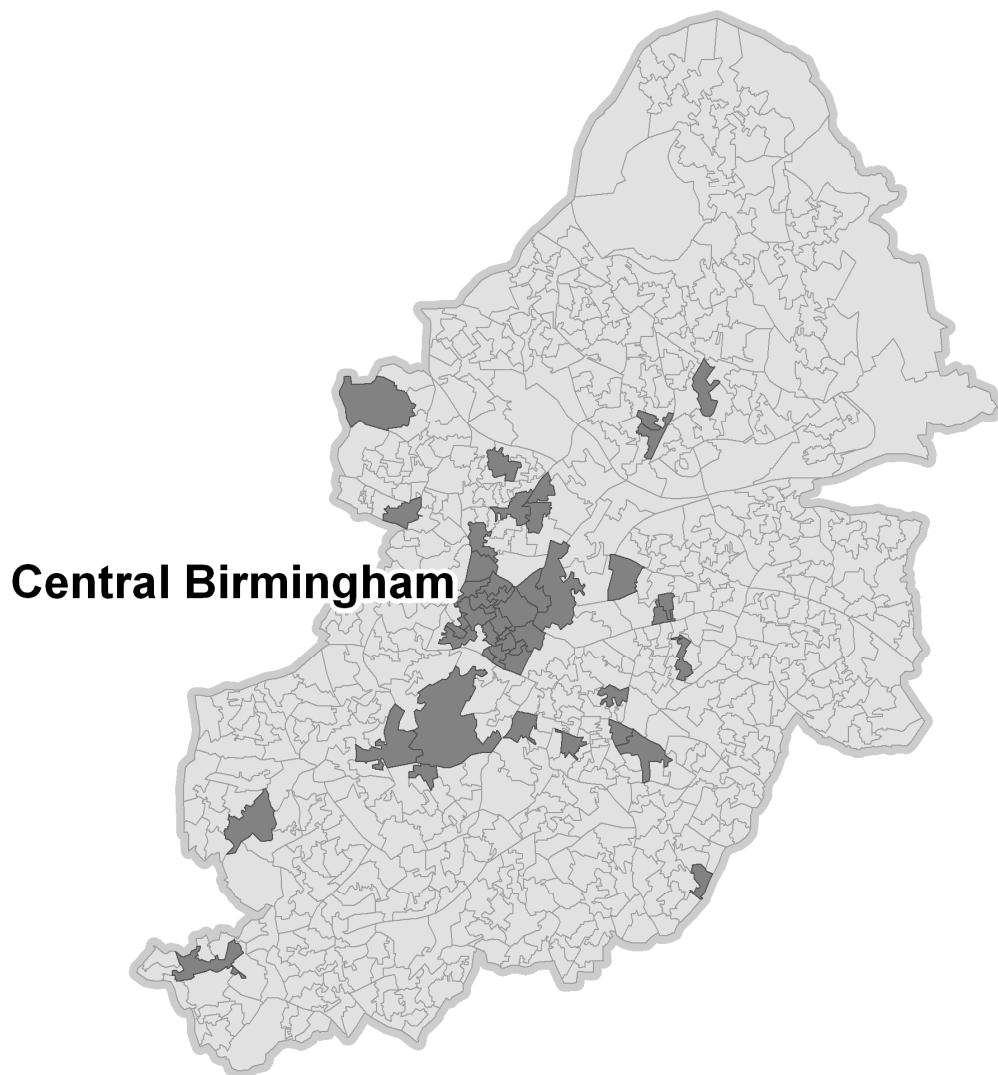
around a fifth of all new housing. And this figure would have been boosted by cash acquisitions by individual landlords” (HM Treasury, 2010, p.22).

The role of buy-to-let may also be acting to support wider investment in the development of particular types of accommodation. “It has been suggested that buy-to-let investment has also been effective in providing developers with forward funding for high-density developments with significant infrastructure requirements” (HM Treasury, 2010, p.22). This suggests that buy-to-let investors have played an important role in supporting the supply of new accommodation.

The spatial location of new-build properties has been analysed by Rae (2013). This analysis used census data to map the spatial location of population growth within eight core cities in England. New output areas were added to the census by the Office for National Statistics where there was rapid population growth. This was associated with the addition of new housing stock. Identifying new output areas highlights locations which experienced rapid population growth between 2001 and 2011. Figure 31 highlights the location of the 45 new output areas within the Birmingham City Council area. Over half of these new output areas form a continuous block in the city centre. These new output areas appear to be closely associated with the locations which experienced rapid growth in the private rented sector. This suggests that the rapid growth of private renting around the city centre in Birmingham was associated with the addition of new dwelling stock. Figure 32 highlights the proportion of dwellings which were purpose built flats in each ward of the city in 2011. The locations of

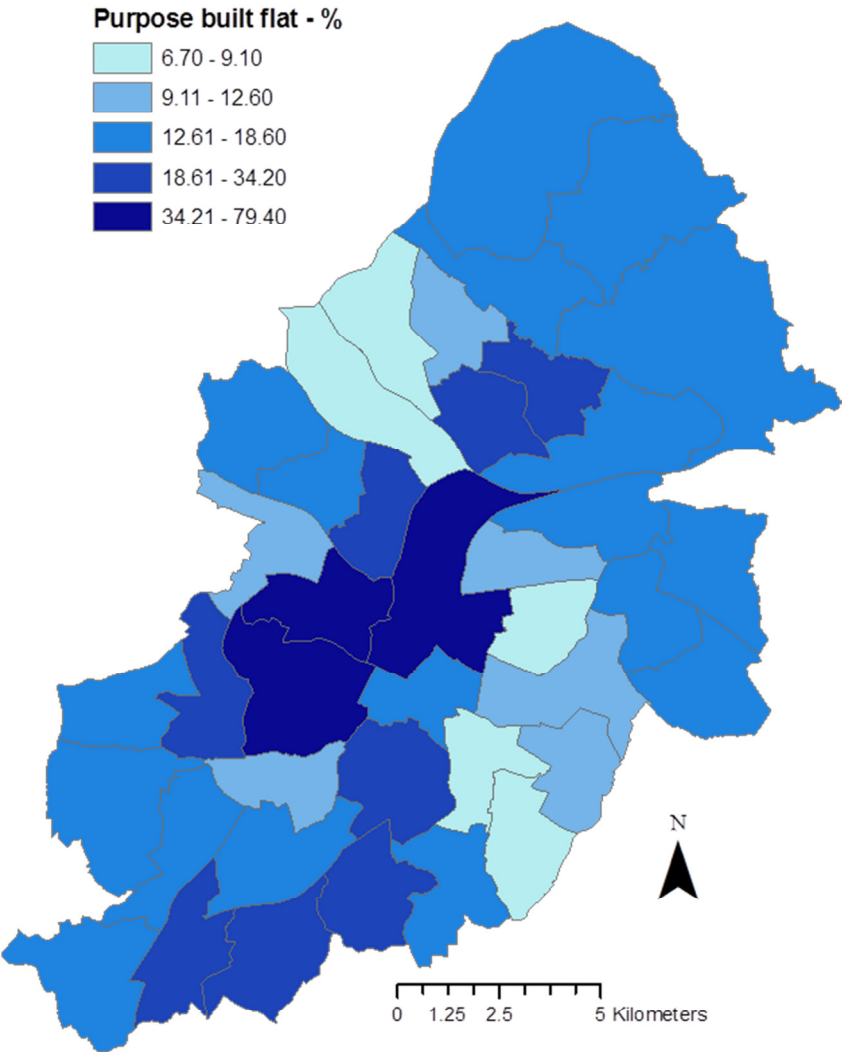
the new output areas tend to be in locations where purpose built flats made up a considerable portion of the dwelling stock. This relationship between private renting, new dwellings and purpose built flats will be explored in more detail in the niche typology presented in section 6.8. However, it suggests that there are important interrelationships between the addition of new housing stock (particularly flats) and the growth of private renting.

*Figure 31: New output areas in Birmingham for the 2011 Census*<sup>43</sup>



<sup>43</sup> Taken from Figure 1, page 98 of Rae, 2013. Reproduced with permission of the author.

Figure 32: Purpose built flats as proportion of all housing stock, Birmingham, 2011<sup>44</sup>



<sup>44</sup> Author's calculations based on data from Table KS401EW of the 2011 Census

## **6.6 Housing Benefit analysis**

### **6.6.1 Housing Benefit claimants within Birmingham**

The third limitation with the initial geodemographic analysis was that it was not able to incorporate Housing Benefit claimants. Rugg and Rhodes (2008) suggested that Housing Benefit claimants represented a distinct niche within the private rented sector. Analysis by Birmingham City Council (which was presented in Figure 24) suggested that Local Housing Allowance claimants formed the largest niche in the city.<sup>45</sup> This highlights the importance of the relationship between changes in Housing Benefit and private renting. Housing Benefit expenditure is clearly associated with the growth of the tenure.

More detailed data from the Department for Work and Pensions is available from November 2008 onwards.<sup>46</sup> This provides the basis for analysis of the rapid increase in both Housing Benefit expenditure and caseload which was occurring by this time. There was consistent growth in the number of claimants from 3.5 million in November 2008 to 4.3 million in May 2013. This represented an increase of 23% in less than five years. From this peak there was a slight decline in claimant numbers to 4.2 million in August 2014. Within Birmingham there was also a similar pattern with claimant numbers increasing by 19% to March 2013 prior to a small decline. I have conducted research into the growth of Housing Benefit claimants (Pattison, 2012). My research highlighted the rapid increases in the number of in-work Housing Benefit claimants. The number of in-work claimants increased by 151% from 430,000 in November 2008 to 1.1

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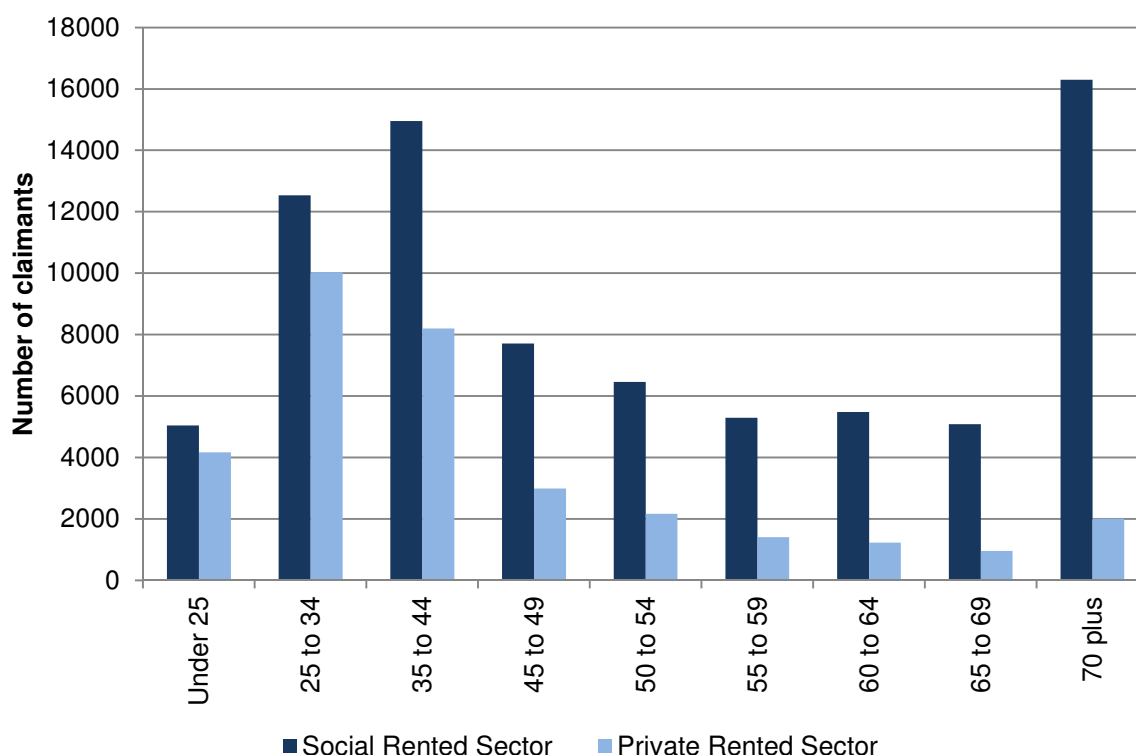
<sup>45</sup> Local Housing Allowance refers to Housing Benefit paid to tenants in the private rented sector

<sup>46</sup> Data from Department for Work and Pensions via Stat-Xplore: <https://sw.stat-xplore.dwp.gov.uk>

million in August 2014. The growth of in-work claimants was slightly higher than the national average in Birmingham at 162%. In November 2008 there were 8,900 in-work claimants in the city but this had increased to 23,400 by August 2014.

Additional data differentiates between claimants in the private rented and social rented sectors. At a national level the number of claimants in the private rented sector increased from 1.1 million in November 2008 to 1.7 million in May 2013. This was the point when the number of claimants peaked and represented an increase of 630,000 claimants who were private renters. During the same period the number of claimants in the social rented sector increased by 280,000 at a national level. Therefore, the private rented sector accounted for 69% of the increase in claimant numbers during this period. In Birmingham, the private rented sector accounted for 63% of the increase in Housing Benefit claimants between November 2008 and May 2013. It is also possible to analyse the age profiles of Housing Benefit claimants within social housing and private renting. Figure 33 highlights the age of claimants in Birmingham at the time of the 2011 census. Claimants within the private rented sector were, on average, younger than those in the social rented sector. In April 2011, 42% of claimants within private renting were aged 34 or under compared to 22% of claimants within social renting. This is, at least partly, due to the relatively large number of older claimants found in the social rented sector. Claimants over the age of 70 years account for 21% of social renters compared to 6% of private renters.

Figure 33: Housing Benefit Claimants by Tenure and Age Band, Birmingham, April 2011<sup>47</sup>



These figures also provide an indication of the scale of the contribution of Housing Benefit claimants towards the overall growth of the private rented sector in Birmingham. The earliest available figures for the city are from November 2008. Between this point in time and April 2011 (the date of the census) the number of Housing Benefit claimants in the private rented sector increased by almost 10,000. This can be compared to the overall growth in the private rented sector within Birmingham between the 2001 and 2011 censuses. Between these dates the number of households in the city who were private renters increased by 38,000. Extrapolating from national trends means that it is possible to estimate that between 40 to 55% of the growth of the private rented

<sup>47</sup> Data from Department for Work and Pensions via Stat-Xplore: <https://sw.stat-xplore.dwp.gov.uk>



sector in Birmingham can be attributed to households claiming Housing Benefit.<sup>48</sup>

The analysis so far highlights the importance of Housing Benefit claimants in the growth of private renting. Therefore, it is worth considering these claimants in more detail. Birmingham City Council kindly supplied me with anonymised data concerning Housing Benefit claimants (Local Housing Allowance) within the private rented sector.<sup>49</sup> The data related to April 2011 at the time when the latest census was undertaken. In April 2011, there were 26,100 households living in the private rented sector and claiming Housing Benefit in Birmingham. At this time they accounted for 38% of the 68,600 households renting from a private landlord in the city.<sup>50</sup> Younger, in-work households were over represented within the growth in Housing Benefit claimants. Claimants largely consisted of smaller households and were living in smaller than average properties which were moderately priced.

### **6.6.2 Spatial distribution of Housing Benefit claimants**

I used the data from Birmingham City Council to assess the spatial distribution of Housing Benefit claimants within the city in April 2011. Postcode data allowed me to aggregate the number of Housing Benefit claimants in each ward within

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<sup>48</sup> At Great Britain level the number of claimants increased by 852,000 between 2000/01 and 2010/11 (see Figure 2). England accounted for around 90% of claimants in April 2011 so might have accounted for this proportion of the growth in claimants. This would represent an increase of 767,000 claimants between 2001 and 2011. The overall growth in the private rented sector in England was 1,603,000. Therefore, Housing Benefit claimants might account for 48% of the overall growth in private renting within England. Growth of claimant numbers within Birmingham is estimated to be slightly lower given that increases in the city are generally slightly below the national average. This estimate fits with broad findings from my multivariate analysis.

<sup>49</sup> This data was a snapshot of Birmingham City Council's administrative data on Local Housing Allowance drawn from the Single Housing Benefit Extract (see <http://data.gov.uk/dataset/single-housing-benefit-extract>).

<sup>50</sup> Authors calculations from Table KS18 of 2001 Census and Table KS402EW of the 2011 Census

the city.<sup>51</sup> The number of Housing Benefit claimants was combined with ward level data on housing tenure from the 2011 census. Figure 34 demonstrates the spatial distribution of households within the private rented sector who were claiming Housing Benefit. The highest proportion of Housing Benefit claimants were found in Washwood Heath and Bordesley Green which are located to the East of the city centre. Housing Benefit claimants accounted for almost all of private renters in Washwood Heath (94%) and Bordesley Green (92%). These two areas were atypical and Housing Benefit claimants did not account for more than 64% of private renters in any other ward. Other areas with high proportions of Housing Benefit claimants were situated on the Eastern fringe of the city centre. In contrast, Housing Benefit claimants accounted for a small proportion of private renters in wards such as Ladywood (6%) and Selly Oak (11%). Appendix 10 reports the relative size of private renting within each ward and Housing Benefit claimants as a proportion of the private rented sector.

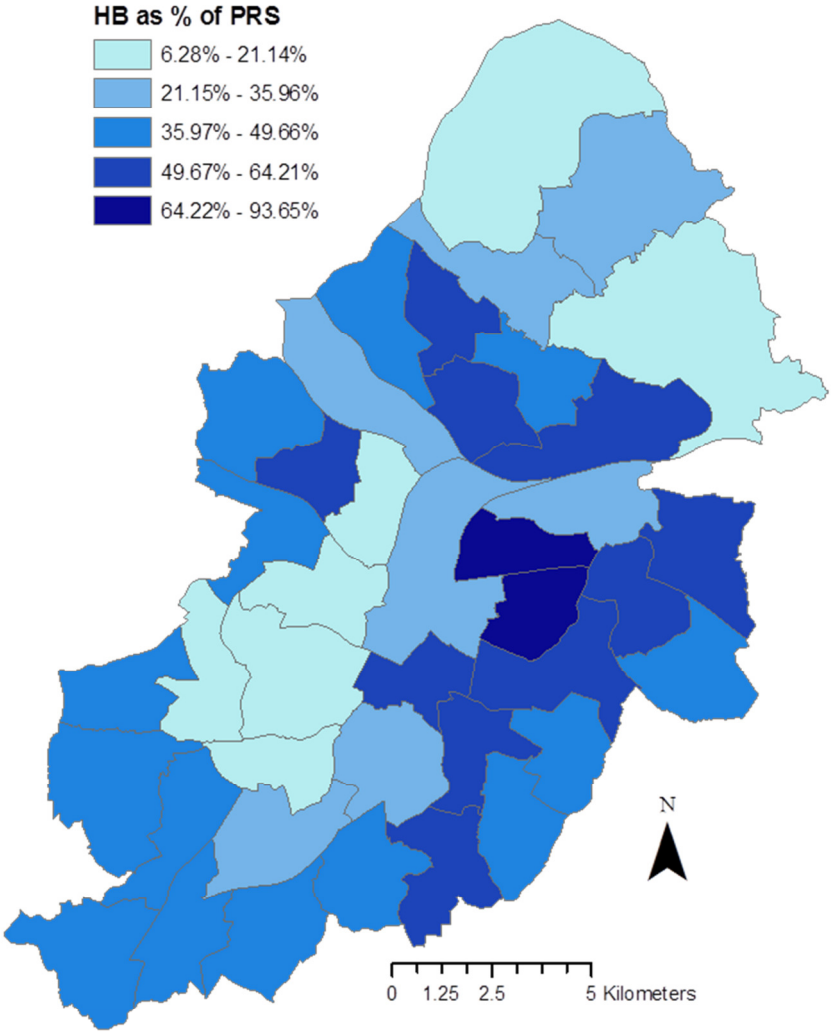
The 2011 Census provided data on the types of housing stock in each ward. Analysis of this data suggests that there is an association between terraced housing and the proportion of Housing Benefit claimants in the private rented sector. This can be seen in Figure 35 which maps the spatial distribution of terraced housing across the city. The highest proportion of terraced stock was found on the Eastern edge of the city centre in the same areas where Housing Benefit claimants dominate the private rented sector. There was also a high

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<sup>51</sup> This was achieved by matching post codes to the ward they were located in using look-up tables provided by the ONS (<https://geoportal.statistics.gov.uk/>). Wards were the lowest geographic areas where an accurate match was possible. Analysis of claimants at a more local level would risk breaching data protection regulations by potentially identifying individual claimants.

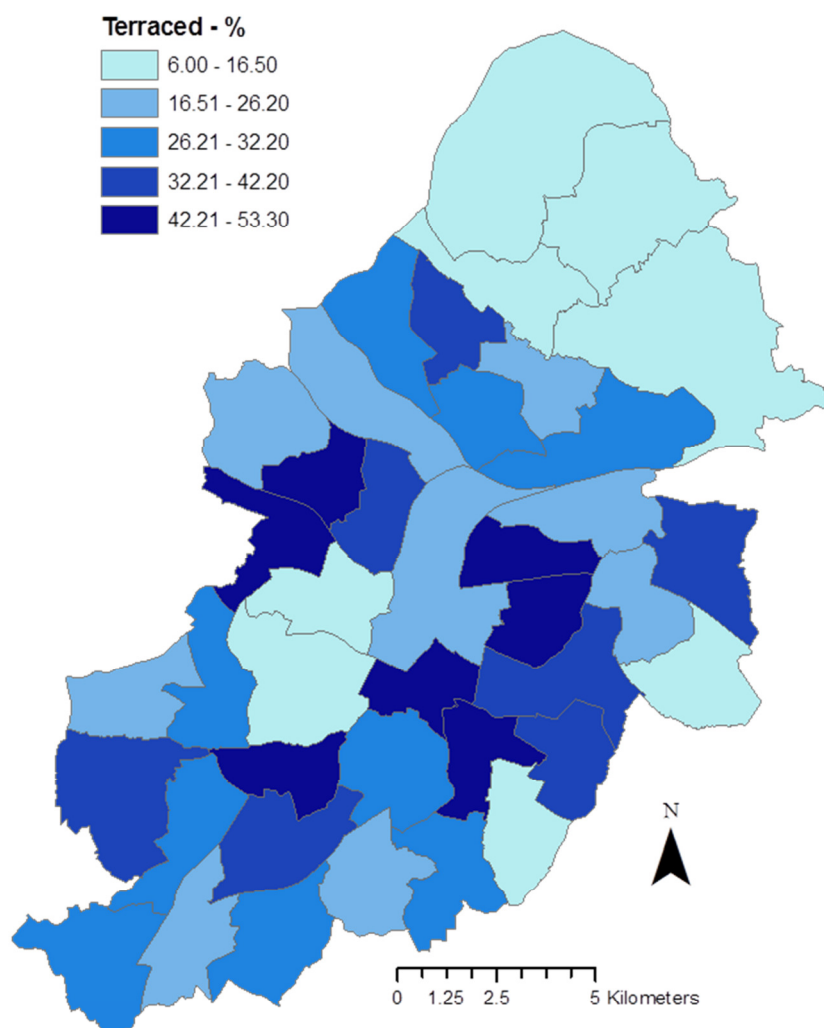
proportion of terraced housing in the area which contains the Students around  
Campus niche in Selly Oak.

Figure 34: Housing Benefit claimants as percentage of households renting from a private landlord, 2011<sup>52</sup>



<sup>52</sup> Author's calculations based on data from Table KS402EW of the 2011 Census and Housing Benefit data from Birmingham City Council

Figure 35: Terraced housing as proportion of all housing stock, Birmingham, 2011<sup>53</sup>



## 6.7 Birmingham niche typology

### 6.7.1 Identification of variables and the number of clusters

My final stage of analysis involved creating a niche typology for Birmingham.

The analysis in this chapter has identified a range of key factors which describe the diversity within the private rented sector within the city. These are combined

<sup>53</sup> Author's calculations based on data from Table KS401EW of the 2011 Census

into one model in order to create a single niche typology that can incorporate different aspects of this diversity within private renting. I adopted a simplified version of the approach used by the Office for National Statistics in creating the OAC by developing a k-means cluster analysis. This approach was chosen as “K-means is a simple non-parametric partitional clustering method... that minimises the within cluster sum of squares whilst maximising the between cluster variability” (Office for National Statistics, 2014a, p.4). The niche classification process is presented in two sections. In the first section I describe the variables used to classify niches and assess the number of clusters. In the second section I present the findings of the k-means cluster analysis.

The first stage of the creation of a geodemographic model is the identification of variables (Harris, Sleight & Webber, 2005). These variables are drawn from the analysis presented in this chapter. A number of variables appear particularly important in understanding the diversity within the private rented sector in Birmingham. These are:

- Characteristics of private renting
  - Density of the private rented sector (i.e. proportion of households living in the private rented sector)<sup>54</sup>
- Household characteristics
  - Students as a proportion of the private rented sector<sup>55</sup>
  - Recent arrivals (persons who have arrived in the UK between 2001 and 2011) as a proportion of the total population<sup>56</sup>

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<sup>54</sup> Data from 2011 Census accessed via NOMIS

<sup>55</sup> Data from 2011 Census accessed via NOMIS

- Housing Benefit claimants as a proportion of the private rented sector<sup>57</sup>
- Stock types
  - Purpose built flats as a proportion of all housing stock<sup>58</sup>
  - Terraced housing as a proportion of all housing stock<sup>59</sup>

The smallest geographic area that I could use to undertake this task was ward level. As noted earlier it was not possible to present Housing Benefit data at a more local level than wards. This geographic level is larger than would be ideal as ward boundaries may not always be contiguous with private rental niches. Therefore, the analysis provided a description of the niche that was most dominant within the private rented sector for each ward.

The next stage was to assess the number of niches which were likely to be identifiable at this geographic level. A k-means cluster analysis divides the data in a specified number of clusters (k). The number of clusters chosen should be based on theoretical considerations and should not be data driven (Harris, Sleight & Webber, 2005). Appendix 11 outlines the key variables for each of the 40 wards. The variables are simplified into three categories to aid comparison: below mean average, above mean average and high (greater than the mean plus one standard deviation). Visual inspection of Appendix 11 enables the identification of a number of probable niches. These appeared to be distinct from other wards in regard to several of these variables. The niches were:

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<sup>56</sup> Data from 2011 Census accessed via NOMIS

<sup>57</sup> Authors calculations based on data from Birmingham City Council and 2011 Census accessed via NOMIS

<sup>58</sup> Data from 2011 Census accessed via NOMIS

<sup>59</sup> Data from 2011 Census accessed via NOMIS

- High density of private renting, high levels of students, recent arrivals and flats. This was combined with below average levels of Housing Benefit (e.g. Ladywood on the West edge of the city centre).
- High density of private renting, high levels of students and terraced housing, below average levels of Housing Benefit (e.g. Selly Oak near the University of Birmingham).
- Above average density of private renting, average students and recent arrivals. This was combined with high levels of terraced housing and levels of Housing Benefit (e.g. Washwood Heath to the East of the city centre).

These three niches or clusters appear to be relatively distinct in regards to the variables identified. Dividing the remaining wards into distinct categories is more difficult. However, there do appear to be at least two distinct types of niche in the remaining wards. These were:

- A cluster of wards on the edge of the city centre with higher than average proportions of households living the private rented sector. Most of these wards (e.g. Sparkbrook) have higher than average levels of Housing Benefit claimants.
- Another cluster of wards on the fringes of the city with lower than average proportions of households living the private rented sector (e.g. Longbridge).

A few wards may not fit into any of the five descriptions outlined above and appear to have different characteristics. For example, Kingstanding has a lower



than average proportion of households living in the private rented sector but a high proportion of them were claiming Housing Benefit. Kingstanding appears to have different characteristics compared with wards which dominated by Housing Benefit claimants. This suggests that it might form the basis of another distinct niche. The initial analysis of the variables suggested that there were likely to be at least six distinct niches within the private rented sector at ward level in Birmingham. This provided a basis for starting the k-means cluster analysis.

### 6.7.2 K-means cluster analysis

My analysis started by specifying a six means model (see Appendix 12 for map) as this was the minimum number of likely niches identified in the last section. All of the variables were found to be significant and F values are presented in Appendix 13. This model identified four highly distinct clusters (situated around the city centre) but was less able to distinguish between niches on the fringe of the city. These niches were similar to those identified during the initial analysis in the previous section. They were:

- Student dominated cluster in Selly Oak
- Housing Benefit dominant cluster to the East of the city centre
- A city centre cluster with high rates of flats
- City centre fringe cluster with higher levels of terraced housing

However, the two remaining niches were less distinct and relatively large. The majority of these wards were situated around the edges of the city. This suggested that it was worth expanding the number of means in the cluster model in order to provide a clearer differentiation between these suburban wards.

The next step was to create a seven means model (see appendix 13 for descriptive statistics). This model continued to identify four highly distinct clusters situated around the city centre (see above). It also provided a clearer distinction between niches on the fringe of the city. Three additional clusters were:

- High rates of terraces and recent arrivals

- Low rates of Housing Benefit, recent arrivals and terraces
- Lower density of private renting and rates of students

The final cluster accounted for 20 wards within the city. Therefore, another cluster model was created which sought to identify whether it was possible to differentiate between these wards. An eight means model was developed and this model still identified one cluster which accounted for 20 wards within the city. The continued presence of this cluster suggests that it represents a distinct niche within the city and can be included in the model. Therefore, the seven means model was chosen as it represented the most parsimonious description of the dominant clusters in the city. Detailed findings from the seven cluster model are presented below.

Figure 36 outlines the averages value for each cluster for all of the variables in the model. The cluster summaries of the seven means model is outlined in Figure 37. These cluster summaries highlight the proportion of the private rented sector accounted for by each niche and provide a label for them. It suggests that even niches which were dominant in only one ward still accounted for notable proportions of private renters. For example, the cluster labelled 'Students Around Campus' was dominant in one ward (Selly Oak) but accounts for 5% of the private rented sector in 2011. The niche which was dominant in 20 wards accounted for just over one-third of the households (37%) in the private rented sector. It appears that this niche ('Long Term Low Income') was more diffuse but covered a wider area of the city. The growth of the niches was generally in line with their relative size. Exceptions to this were City Centre Flats

which increased more rapidly and two niches which increased more slowly than average: Students Around Campus and Housing Benefit Dominant.

*Figure 36: Cluster membership averages*

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
PRS density (%)	23.8	45.6	31.0	8.5	17.3	42.6	10.6
HB density (%)	48.0	6.28	10.0	21.1	93.6	10.5	51.2
Terraced (%)	51.4	8.2	10.6	10.4	47.5	45.9	31.6
Flats (%)	11.9	79.4	48.2	14.1	10.7	9.5	16.8
Students (%)	10.3	23.2	32.7	3.1	9.3	53.2	4.5
Recent arrivals (%)	20.4	27.1	16.2	1.6	15.4	14.2	5.5

*Figure 37: Cluster summaries*

	<b>Number of wards</b>	<b>Proportion of households in the PRS in 2011</b>	<b>Proportion of growth of PRS between 2001 and 2011<sup>60</sup></b>	<b>Label</b>
<b>1</b>	5	14.61%	12.58%	Recent Arrival Terraces
<b>2</b>	1	10.41%	14.18%	City Centre Flats
<b>3</b>	3	9.76%	8.56%	Inner City Professionals and Students
<b>4</b>	8	17.96%	16.55%	Suburban Professionals
<b>5</b>	2	4.80%	4.11%	Housing Benefit Dominant
<b>6</b>	1	5.08%	2.52%	Students Around Campus
<b>7</b>	20	37.38%	41.50%	Low Income Long Term

Figure 38 suggests that the niches had distinct spatial distributions. For example, 'Low Income Long Term' formed an almost continuous ring

<sup>60</sup> These figures are best estimates derived from the Office for National Statistics. This is due to changes in geography and ward boundaries between 2001 and 2011

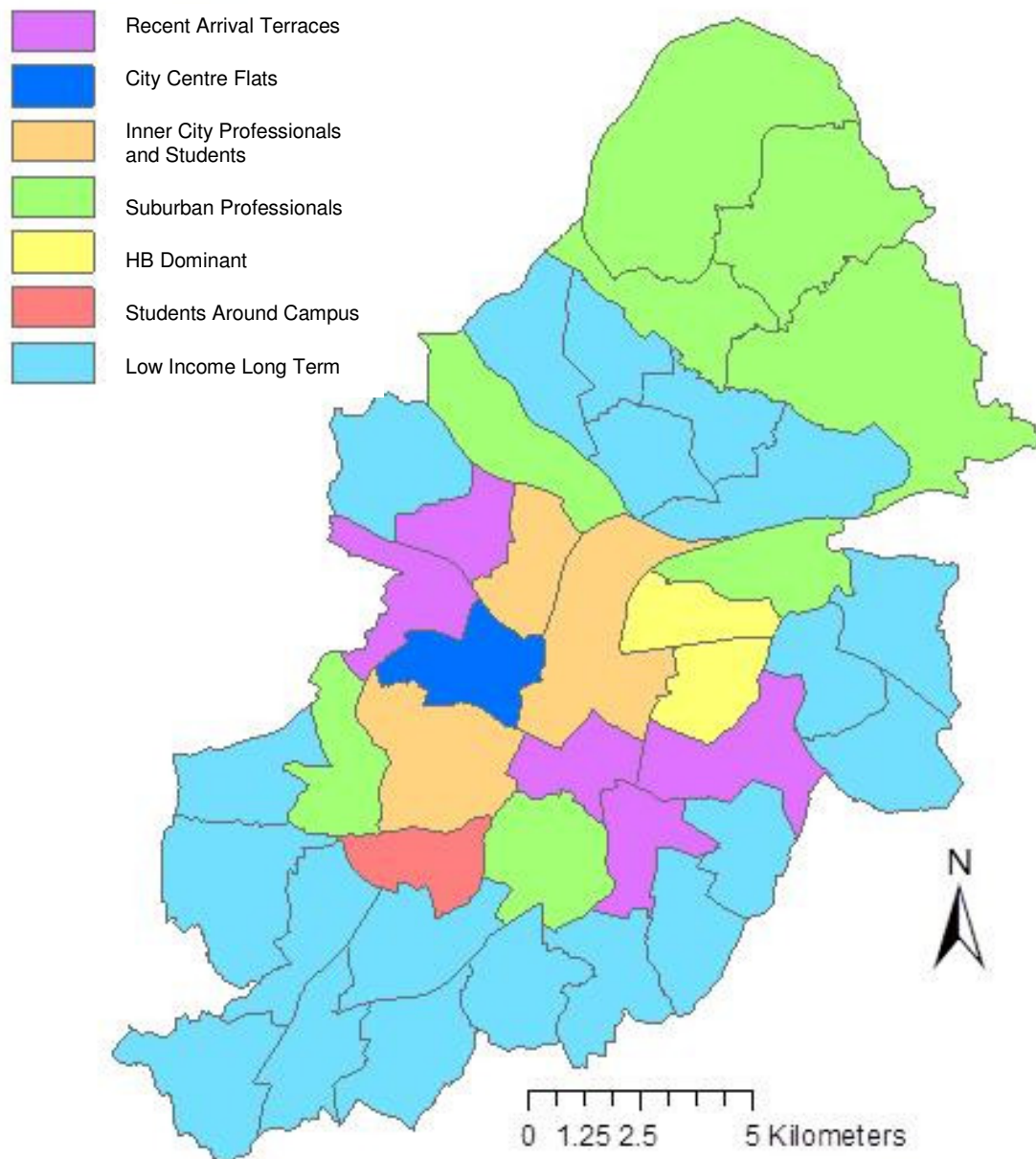
incorporating the Southern and Eastern fringes of the city. This spatial distribution adds further weight to the argument that the clusters identified here represent dominant niches within the private rented sector. The key characteristics of each niche are as follows:

- Recent Arrival Terraces: This was the niche with the highest proportion of terraced accommodation. It also had a high proportion of recent arrivals and was situated in two areas: the Eastern and Western edges of the city centre.
- City Centre Flats: This niche was situated in the city centre where there was a high density of private rented accommodation. Private renting in this area had higher levels of students and recent arrivals living in a very high proportion of flats.
- Inner City Professionals and Students: High levels of students were found in this niche in the city centre. Higher than average levels of recent arrivals and low levels of Housing Benefit claimants were also found in this niche. It had a higher than average density of private renters and proportion of flats.
- Suburban Professionals: This niche was situated on the Northern fringes of the city and also in two wards situated South of the city centre. It was notable for the very low proportions of students and recent arrivals.
- Housing Benefit Dominant: Almost all of the private renters in this niche were claiming Housing Benefit. This niche was situated to the

Eastern edge of the city centre and had a high proportion of terraced housing.

- **Students Around Campus:** The highest proportion of students was found in this niche situated South West of the city centre and close to the main campus of the University of Birmingham. A high proportion of terraced housing was found in this niche.
- **Low Income Long Term:** This niche was situated along the Southern and Eastern fringes of the city, as well as an area to the North of the city centre. It had lower than average density of private renting and higher than average proportion of Housing Benefit claimants. The proportions of recent arrivals and students were low.

Figure 38: Classification of dominant niche in each ward, Birmingham, 2011<sup>61</sup>



In summary, the k-means cluster analysis suggests that a range of different niches can be identified across Birmingham. The most suitable model identified seven niches which were dominant at ward level in the city. Three of these niches were clearly differentiated in relation to the variables identified and

<sup>61</sup> Author's classification using 7 means cluster analysis

appeared in all of the cluster models. These were City Centre Flats, Housing Benefit Dominant and Students Around Campus. City Centre Flats consisted of one ward (Ladywood) but accounted for over 10% of the households in the private rented sector in the city in 2011. Housing Benefit Dominant consisted of two wards to the East of the city centre (Bordesley Green and Washwood Heath). Over 90% of private renters in these wards were claiming Housing Benefit. Students Around Campus consisted of one ward (Selly Oak) where there were high levels of students living in terraced accommodation. Four further clusters were identified: Recent Arrival Terraces, Inner City Professionals and Students, Suburban Professionals and Low Income Long Term.

## **6.8 Discussion of findings**

My findings provide clear evidence that the private rented sector in Birmingham was highly diverse. Niches within the city were distinct in terms of their housing stock, household type and spatial location. In particular, three niches were identified as being highly differentiated from the rest of the private rented sector in the city. These were City Centre Flats, Housing Benefit Dominant and Students Around Campus. It was also possible to identify other types of niches which were less differentiated but still had clear defining characteristics. The niche analysis presented in this chapter builds on previous niche typologies, particularly the description provided by Rugg and Rhodes (2008). Three limitations were identified with the Rugg and Rhodes approach to niches. These were identification of factors to include in the niche analysis, distinguishing



between niches and the spatial distribution of niches. My niche analysis of Birmingham addresses these limitations by using a clear theoretical framework and methodological approach. Many of the niches identified by my analysis are similar to those proposed by Rugg and Rhodes (e.g. Housing Benefit, students and young professionals). The development provided by my analysis is a more detailed understanding of the overlap between these categories, the key factors which distinguish between niches and their spatial distribution within one city. However, my analysis in its current form cannot entirely replace the Rugg and Rhodes typology.

There are several areas which require further attention. These include smaller niches, the role of landlords and Birmingham as a case study. The need to focus my analysis at ward level meant that the typology was not able to capture the full range of diversity within the private rented sector. In particular, small niches such as temporary accommodation or asylum seekers were not incorporated in my typology. These smaller niches were highlighted in the niche typology created by Birmingham City Council. The second issue was the failure to incorporate landlords in the niche typology due to lack of secondary data. It is likely that different types of landlords were operating in different niches across the city. Evidence from existing academic analysis suggests that small scale investment landlords may be operating in the City Centre Flat niche.

Professional landlords with larger portfolios may be more prevalent within the Housing Benefit dominant niche. The Low Income Long Term niche may contain a greater proportion of local landlords with links to the area and the property. Finally, it is not possible to identify the type of case study that

Birmingham represents. It is likely that the city exemplifies niches which would be found in other locations. For example, it is highly likely that Students Around Campus would be found in other parts of England. However, it is also likely that other types of niches exist which are not represented in Birmingham.

Despite these limitations my analysis provides strong evidence to address the main research question for this chapter. This was:

- How have different drivers interacted to create the variation seen within the private rented sector and has growth been uniform across different niches?

First of all, my analysis reinforces the limitations of the 'generation rent' account. It highlights the important role played by a range niches which do not fall within 'generation rent' explanations such as Recent Arrival Terraces, Housing Benefit Dominant and Students Around Campus. The characteristics of these niches suggest that they cannot be easily described by the 'priced out' thesis. The main drivers for the Recent Arrival Terraces and Students Around Campus are likely to be demographic changes (i.e. migration and increased student numbers). Housing Benefit Dominant relates to low income households who might previously have accessed social housing rather than owner occupation. At best, the 'priced out' thesis is able to account for the changes in only a few of the niches identified within Birmingham. Niches such as City Centre Flats appear to be closer to the description of the private rented sector provided by 'generation rent' accounts. However, even within this niche a more nuanced account of their growth is emerging. It is clear that the growth of the

City Centre Flats niche is closely linked to changes in housing stock and the development of purpose-built flats. Further discussion of this trend can be found in chapter seven.

This chapter has highlighted the growth of different niches across the city and the likely drivers within these niches. The growth of these niches was relatively uniform. Exceptions were the rapid growth of City Centre Flats and the lower than average growth of Students Around Campus and Housing Benefit Dominant. It was also clear that Housing Benefit claimants made a substantial contribution to the growth of demand for private renting within the city. My estimates suggest that between 40 to 55% of the growth of the private rented sector in Birmingham can be attributed to households claiming Housing Benefit. There appear to be clear links between the findings of the multivariate analysis presented in the previous chapter and this niche analysis. Some of the key socio-economic factors associated with the growth of private renting at a local authority level were growth in the overall population (particularly students, multi-person households and recent arrivals), higher numbers of property transactions and higher numbers of Jobseekers Allowance claimants. This begins to provide an indication of the differential impact of drivers across niches within the city.

Students appear to have played a distinct role in the growth of private renting in both the city centre and Selly Oak. The role of recent arrivals in the multivariate analysis fits with the growth of private renting in multicultural areas in the city centre and inner-urban areas. Multi-person households may be linked to students around campus or other types of renting for recent arrivals. Property

transactions are likely to have been high in both city centre areas (where new apartments are being built) and wards such as Selly Oak (where existing properties were transferred to private renting). This suggests that property transactions may capture both changes in the use of existing dwellings and the addition of new stock. Jobseekers Allowance claimants might be linked to the growth of private renting in low income areas on the fringes of the city centre and the Housing Benefit Dominant niche. The niche analysis helps to contextualise and explain the findings of the multivariate analysis. It provides a novel analysis of the diversity within the private rented sector in Birmingham. This analysis also provides an indication of the differential growth of niches and the likely drivers which contribute towards this. The findings are likely to have policy and practice implications which are discussed further in chapter eight.

## **6.9 Summary of chapter six**

This chapter investigated variation within the private rented sector. The aim was to identify how different drivers interacted to create the variation seen within the private rented sector and the extent to which growth was uniform across different niches. A niche analysis of Birmingham was undertaken to investigate this variation. My niche analysis sought to build on other niche typologies (particularly Rugg and Rhodes) and address their limitations. Initial analysis was undertaken in relation to households and housing stock. Additional analysis investigated the role of Housing Benefit as it appeared to be the largest niche in the city using the Rugg and Rhodes typology. The initial analysis identified key variables associated with the diversity within the private rented sector. These

variables were incorporated into a geo-demographic model which followed a similar approach to the Output Area Classifications developed for the Office for National Statistics.

A k-means cluster analysis identified seven niches within Birmingham. These were Recent Arrival Terraces, City Centre Flats, Inner City Professionals and Students, Suburban Professionals, Housing Benefit Dominant, Students Around Campus and Low Income Long Term. There was clear evidence that the private rented sector was highly diverse in relation to stock, households and spatial distribution. Niches which did not fall within the 'priced out' explanation (e.g. Students Around Campus, Housing Benefit Dominant) played a major role in the private rented sector within the city and the growth in the preceding decade. In particular, Housing Benefit claimants made a considerable contribution to increased demand for private renting in Birmingham. My niche typology provides a clearer indication of the diversity within the private rented sector, the relative growth of different niches and the differential impact of drivers across the city. The drivers discussed in this chapter, such as Housing Benefit and the development of new stock, were shaped by a range of housing policies and political interventions in the market. This leads on to analysis of housing policy – the gap in the academic literature which is explored in the next chapter.

# CHAPTER SEVEN - THE ROLE OF POLITICAL DRIVERS AT A NATIONAL AND LOCAL LEVEL

## **7.1 Housing policy and the growth of private renting**

The 'priced out' thesis emphasises the importance of economic drivers in relation to the growth of private renting. In particular it focuses on a shift from effective demand for owner occupation to effective demand for the private rented sector. However,

“Economic choices in respect of housing, whether to buy or to rent,... depend, on the one hand, on the (socially constructed) economic dispositions of the agents – particularly on their tastes – and the economic resources that they can summon and, on the other, on the state of supply of dwellings. But the two terms of the canonical relationship, which neoclassical economic theory treats as unconditional givens, depend in turn, more or less directly, on a whole set of economic and social conditions produced by ‘housing policy’” (Bourdieu, 2005, p. 15).

Bourdieu argues that 'supply' and 'demand' are not pre-existing, value free categories. They are dependent on a range of socially constructed conditions

linked to housing policy. To illustrate this, Bourdieu argues that housing policy in France has supported the development of single-family houses even though most households struggle to afford this type of accommodation.

This chapter takes Bourdieu's insights as the basis to explore the interactions between housing policy and the growth of private renting. Chapter two identified this as a notable gap in the existing academic literature. The literature is yet to provide an alternative explanation in this area to challenge the 'priced out' thesis. It leads to the research question to be investigated:

- What roles have political discourses and policies played in growth of the private rented sector?

I will seek to assess whether there is evidence that housing policy in its widest sense has shaped supply and demand in relation to private renting. A range of evidence presented earlier in this thesis highlights four potential areas where political drivers might be involved in shaping supply and demand in relation to the private rented sector.

The first is the impact of a broad variety of political drivers. Chapter two highlighted a range of wider government policies which are likely to have contributed towards the growth of private renting. These include welfare policies such as the long term shift from capital to revenue subsidies (Hills, 2007).

Flexible labour market policies are likely to have led to larger group of people without secure incomes required to access mortgages (Financial Services Authority, 2011). There are also homelessness policies such as discharge of duty which have diverted people into the private rented sector who would have

previously entered social housing (Rhodes & Mullins, 2009). Given the scope of possible policies which might have contributed towards the growth of private renting I have limited my analysis to housing policy in order to focus the research. Wider political drivers are discussed at the end of the chapter.

A second area relates to the role of political drivers in relation to the decline of the private rented sector up to the 1980s. A number of authors have provided detailed descriptions of the political context for the decline of private renting (e.g. Timmins, 2001; Allen & McDowell, 1989; Kemp, 2004; Mullins & Murie, 2006). It appears that the state was “deeply implicated in the decline of private renting” (Kemp, 2004, p.35). Political drivers for the decline of private renting included “the ways in which housing has been taxed, subsidised and priced – and, therefore, the way that the state has intervened in housing provision” (Kemp, 2004, p.35). There were also ideological drivers which supported the decline of the private rented sector. Up until the late 1980s it was argued that “the negative ideas associated with private landlordism... act as an ideological reservoir” (Allen & McDowell, 1989, p.1). This meant that no Labour politician could be seen to support the growth of the private rented sector. It is possible that continuities within policy have continued to affect the tenure.

The change in approach from the Labour party provides a third potential area where political drivers might have shaped supply and demand. Lund argues that Tony Blair’s explicit support for the private rented sector in 1997 marked an important milestone as it “constructed a symbolic distance from ‘old’ Labour’s preoccupation with council housing and distaste for private landlords” (2008, p.36). He suggests that the subsequent expansion of private renting between



1997 and 2005 was ‘the outcome of New Labour adopting a welcoming approach to private landlords thereby securing the necessary political consensus for long-term investment’ (Lund, 2008, p.41). However, Lund considered the policy changes relating to private renting to be relatively minor and concluded that – particularly during the first term in government – “housing policy marked time, albeit within a novel political language” (Lund, 2008, p.36).

The fourth area where political drivers might have shaped the private rented sector relates to niches. It has been noted that the definition of niches provided by Rugg and Rhodes highlights “specific types of central policy intervention that shape the way the sub-market operates” (Rugg & Rhodes, 2008, p.xiv). This suggests that particular housing policies might be shaping different niches. For example, the regulation of Homes of Multiple Occupation and the student niche. In summary, it appears that different types of political drivers may be implicated in the growth of private renting. These range from ideological beliefs about tenure to specific policies which might shape individual niches within the private rented sector. The four areas identified lead on to questions which guide the analysis in this chapter:

- To what extent was there political support for the growth of private renting at a national level?
- What was the relationship between national housing policies and the growth of private renting?
- What roles did housing policy play in relation to different niches within the private rented sector?

A common theme across all of the questions relates to the time period to be investigated. The key period is likely to be the time when the private rented sector was growing rapidly. However, analysis will also need to have an awareness of historic drivers which continue to have an impact.

Lund's account suggests that the most important contribution of the government in relation to the private rented sector was the creation of a consensus on role of the tenure by creating a new political language. The first sub-question seeks to assess whether this is an accurate description of the political context for the rapid growth of private renting (section 7.3). Existence of a consensus on private renting does not necessitate specific housing policies which support the growth of private renting. In section 7.4 I investigate the second sub-question by analysing a range of housing policies to assess whether there is evidence that they supported the growth of private renting. Both of these questions are seeking to analyse drivers operating at the macro-level in my analytical framework. The third sub-question (discussed in section 7.5) investigates whether the impact of housing policy was uniform across different niches. This section focuses on the meso-level of my analytical framework and continues to use Birmingham as a case study. In the next section I outline the methodological approach to investigating these questions.

## **7.2 Methodology**

One of the key features of Lund's account of the early New Labour approach to private renting was the adoption of a "novel political language" (2008, p.36). In this section I will seek to provide a clearer understanding of what might be

meant by 'political language' and how it could be applied to the three sub-questions identified earlier. In 1996, Jacobs and Manzi argued that:

“a feature of current housing policy literature is the lack of concern or interest in interrogating the specific language of policy. This contrasts with other social science disciplines that are currently in the process of acknowledging the implications of 'discourse' in setting policy agendas and structuring the terms of debate” (1996, p.543).

Their arguments built on the work of Kemeny who placed a particular emphasis on understanding the way that 'housing problems' are constructed. Kemeny suggested that 'we need to begin to understand the ways in which "housing problems' are defined by interest groups and policy makers" (1992, p.30).

Together, these authors go on to argue that "housing policy is a site of contestation in which competing interest groups seek to impose their definitions of what the main 'housing problems' are and how they should be addressed" (Jacobs, Kemeny & Manzi, 2003, p.442). In section 2.3, I discussed the construction of 'generation rent' as a housing problem. I noted that rhetoric can be used to reshape definitions and understandings of the social problem (Best, 2008). Political language might be described as rhetoric used by political actors to reshape understandings of a social problem and promote particular policy 'solutions'.

Discourse analysis has been used by various authors as a means of investigating the construction of housing problems (e.g. Hastings, 2000; Marston, 2002). Fairclough's work on Critical Discourse Analysis (Fairclough,

1992) was arguably the most commonly used approach. By 2006, Jacobs (2006) was able to suggest that increased investigation into the use of language, particularly through discourse analysis, was providing important insights into the political and policy processes. Some researchers “are not always clear about their conceptual suppositions or explicit enough about their methods” (2006, p.46) but well-designed analysis can still provide “a theoretically informed, carefully argued and nuanced account of urban policy” (Jacobs, 2006, p.49). Critical approaches to discourse should avoid the danger of some approaches which treat “policy documents as real or given, which ignores their ideologically charged nature and role of language and discourse in constituting particular objects and subjects, and problems and solutions in the housing field” (Ronald, 2008, p.27).

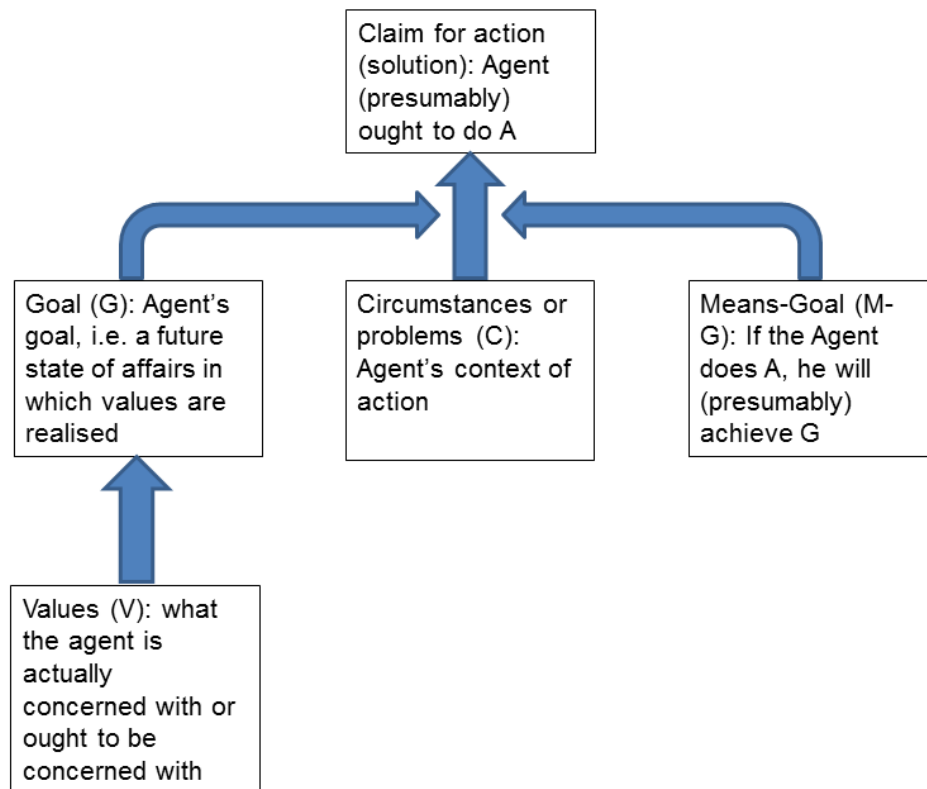
This suggests that discourse analysis could be an effective tool for investigating the political context for the rapid growth of private renting in England. It would provide a means of carefully analysing the language of politics and policy. This would support investigation into the political approaches to the private rented sector. Fairclough’s more recent development of Political Discourse Analysis is particularly relevant given its intention to provide an ‘explanatory critique’ which “seeks to explain why social relations are as they are, and how they are sustained or changed” (Fairclough & Fairclough, 2012, p.79). This includes the extent to which discourse is acting for the “establishment, maintenance or change of a social order” (Fairclough & Fairclough, 2012, p.79). It is an approach that is based on a specific view of the nature of politics as “most fundamentally about making choices about how to act in response to

circumstances and events and in light of certain goals and values” (2012, p.11). This links back to the description of the private rented sector which was outlined in my analytical framework in section 3.5. The meso and macro-levels are the most likely site of contestation and co-operation between groups with different interests in private renting. Therefore, I have situated my analysis at these levels.

Political Discourse Analysis is defined as the “reproduction and contestation of political power through political discourse” (Fairclough & Fairclough, 2012, p.17). Fairclough and Fairclough argue that “political discourse is inherently deliberative” (2012, p.26) because politics is fundamentally concerned with making decisions. It involves considering different courses of action and choosing between them. Practical reasoning is the primary means by which choices are made about which actions to undertake within the political field. The role of Political Discourse Analysis is to seek to understand the construction and use of the practical arguments utilised by political agents. This approach argues that “deliberation starts from an open question – what should I (we) do? – and then proposes various courses of action, on the basis of an analysis of the circumstances and of the goals that agents want to achieve” (Fairclough & Fairclough, 2012, p.87). This model of practical reasoning suggests that “Action A might enable the agent to reach his goals (G), starting from his circumstances (C), and in accordance with certain values (V), leads to the presumptive claim that he ought to do A” (Fairclough & Fairclough, 2012, p. 44). Agents combine knowledge of the current circumstances with their goals. This creates a

presumption (means-goal) that if a particular action is taken it will lead to a desired end point (see Figure 39).

*Figure 39: Fairclough and Fairclough's proposal for the structure of practical arguments<sup>62</sup>*



Parliamentary debates are an example of one aspect of political deliberation. They act as “a multi-agent context where a political decision has to be arrived at” (Fairclough & Fairclough, 2012, p.200). These debates provide critical examination of particular policies or legislation and represent an opportunity for different actors to persuade others of the merits of alternative approaches. The debate is an opportunity for parliamentarians to undertake “reasonable

<sup>62</sup> Adapted from figure 2.1 of Fairclough & Fairclough, 2012

persuasion” by the “force of the better argument” (Fairclough & Fairclough, 2012, p.204) even if a final vote is decided by party loyalties. This means that parliamentary debates offer the opportunity to analyse the justifications made for supporting or opposing a particular course of action. However, these debates need to be placed within a wider context. The subject of the debate is “itself the outcome of a previous process of deliberation” (Fairclough & Fairclough, 2012, p.204). The wider context consists of a range of policies, political promises and informal discussions which create the conditions in which parliamentary debates occur.

This chapter uses the framework of Political Discourse Analysis to analyse the process of practical deliberation in relation to the private rented sector. I have used this approach to investigate the political context for the rapid growth of the private renting. First, I sought to assess the extent to which Lund was correct to suggest that there had been a consensus on the role of the tenure during the New Labour period. In the first stage of analysis I investigated the parliamentary debates during the New Labour governments from 1997 to 2010. I searched the Hansard records of parliamentary debates in the House of Commons and House of Lords using terms including ‘private rented’, ‘private rental’ and ‘private let’. From these initial results, I searched for speeches or debates with a substantial focus on the private rented sector. This left me with a corpus of speeches or debates to analyse in more detail. I used the framework outlined by Fairclough and Fairclough to identify the different discourses which were used to support or oppose particular measures in relation to the private rented sector. I then moved on to assess whether there was evidence of change in these

discourses over time and supplemented the analysis by investigating the parliamentary debates from 1979 to 1997. In the second stage, I analysed the broader deliberative process which had led to the parliamentary debates. I was seeking to investigate the relationship between discourses on the private rented sector and policy change. This included analysis of manifestos and policy documents to assess changes in official policy alongside diaries, memoirs and biographies which illuminated the wider process of deliberation. In the final section I identified specific policy documents which help to uncover the approach of housing policy towards different niches. This built on the earlier analysis which highlighted key areas for investigation.

## **7.3 Discourses at national level**

### **7.3.1 New Labour consensus on private renting**

In this section I will assess:

- To what extent was there political support for the growth of private renting at a national level?

Lund (2008) has suggested that the New Labour governments managed to create a consensus on the private rented sector between 1997 and 2005. In order to assess this claim it is important to review the New Labour approach to private renting. On the 1<sup>st</sup> May 1997, Tony Blair became the first British Labour Prime Minister in eighteen years by achieving an “extraordinary span of support” (Rawnsley, 2001, p.7). In his victory, Blair stated that “we have won support from all walks of life, all classes of people, every corner of the country.



We are now today the people's party, the party of all the people" (quoted in Rawnsley, 2001, p.12). This consensus was built on an approach which came to be described as the Third Way (Giddens, 2008). At the outset of the 1997 election campaign, Blair argued that "what matters is what works" (Rawnsley, 2001, p.7). The Third Way approach claimed that political beliefs could be synthesised into a shared consensus. Blair outlined a vision which would involve "reconciling themes which in the past have wrongly been regarded as antagonistic". Fairclough and Fairclough suggest that Blair is proposing that:

"self-regulating markets are the best means of creating wealth and prosperity, which is our goal; government interventions and 'heavy regulation' only prevent them from doing so and governments should therefore accept the decisions of the markets and not 'interfere'" (Fairclough & Fairclough, 2012, p.99).

In housing policy this meant that the primary emphasis was on supporting owner occupation. The 1997 Labour Manifesto argued that "most families want to own their own homes. We will also support efficiently run social and private rented sectors offering quality and choice" (The Labour Party, 1997). In relation to private renting the manifesto argued that "we value a revived private rented sector. We will provide protection where most needed" (The Labour Party, 1997). This appears to encapsulate the Third Way approach which primarily focused on owner occupation delivered through the private market. It also supported the private delivery of rented accommodation as a necessary supplement to owner occupation. The first New Labour Housing Minister, Hilary Armstrong, stated that "I am agnostic about the ownership of housing – local

authorities or housing associations; public or private sector – and want to move away from the ideological baggage that comes with that issue” (quoted in Cowan, 1999, p.7). Under this approach, it was up to the market to decide how housing would be delivered.

New Labour made no substantive change to the private rented sector in their first term of government. Proposals to allow local authorities to license Houses of Multiple Occupation (HMO) were finally announced in the Queen’s speech of November 2002 at the start of the second term of government.<sup>63</sup> The measures were very limited with the Housing Minister, Keith Hill, arguing that:

“The private rented sector is growing again, and the Government are keen to work with landlords to improve its quality... I am keen to limit mandatory licensing to the highest-risk properties to avoid unnecessary regulation and costs for landlords and tenants. The man in Whitehall does not always know best. However, I fully accept that other HMOs could cause difficulties, and could benefit from licensing”.<sup>64</sup>

The speech provides an example of the New Labour approach, particularly when viewed alongside the wider discussion of the private rented sector in the Green Paper ‘Decent Homes for All: Quality and choice’ (DETR, 2000).

Figure 40 highlights analysis of this speech using the framework from Political Discourse Analysis outlined earlier. The value espoused is that ‘a healthy private rented sector provides additional housing choices for people who do not

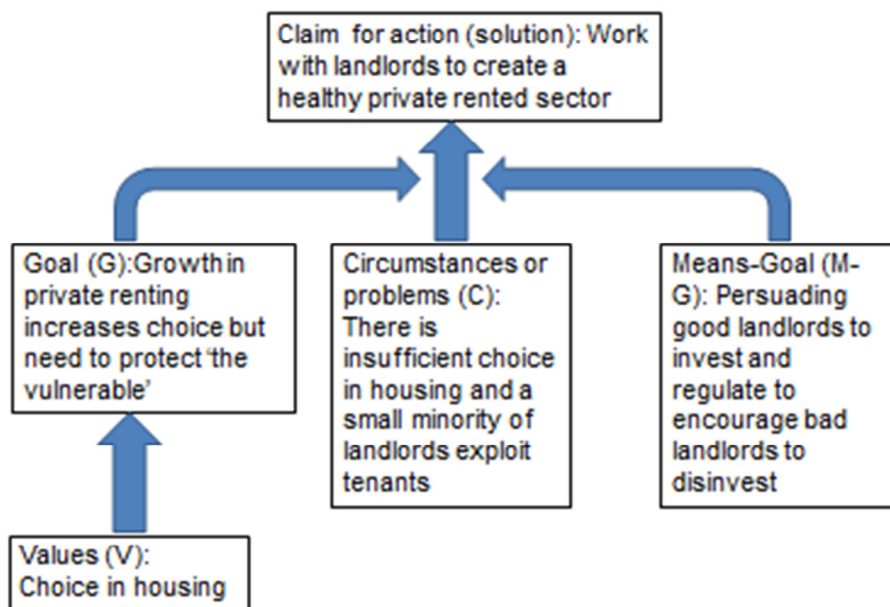
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<sup>63</sup> John Prescott MP, House of Commons Hansard , Tuesday 19 November 2002

<sup>64</sup> Keith Hill MP, House of Commons Hansard , Westminster Hall Sitting (Commons) of Thursday 13 November 2003

want to, or are not ready to, buy their own homes' (DETR, 2000, p. 44). The government's goal is to create a growing and healthy private rented sector' to 'increase choice'. The problems to be overcome are that 'many can choose their homes. But too many cannot' (DETR, 2000, p. 5). At the same time 'a small minority of private landlords set out to exploit their tenants' and some properties are 'are in poor condition'. As the speech by Keith Hill highlights, the proposed solution is to 'work with' landlords to improve the quality of sector'. Regulation is seen as a last resort in order to limit interference in the market. The means goal of the policy is persuading good landlords to invest in the tenure and regulating to encourage bad landlords to disinvest.

*Figure 40: Analysis of New Labour discourse, Hill, 2003<sup>65</sup>*



The most striking aspect of the parliamentary record during the first New Labour government is how rarely private renting is mentioned. During this period the

<sup>65</sup> Keith Hill MP, *ibid*

private rented sector was not a central political concern and very little attention is paid to the tenure by Labour ministers in either of the Houses of Parliament. Private renting was not even a priority for New Labour. The lack of discussion is, perhaps, the strongest evidence that New Labour had achieved a consensus on the role of private renting. New Labour had drained the 'ideological reservoir' of hostility towards landlords and moved to a position where the party was agnostic about tenure. The new approach was to work with landlords and allow the market to operate with as little interference as possible. Regulation would be limited to 'protecting the vulnerable' from a small minority of 'bad landlords'. The private rented sector was no longer a housing problem but a mechanism to increase choice for consumers. "New Labour set out a view of the private rental housing market that... reflected the political consensus that had developed that the sector played several important, if small-scale roles in housing provision" (Kemp, 2004, p.64). However, the parliamentary record suggests that the New Labour consensus was not unanimous. The next section will move on to investigate three alternative discourses on the private rented sector. These discourses were used to challenge some aspects of the governments' approach during this period.

### **7.3.2 Alternative discourses on private renting**

#### **Discourse 1: Less regulation**

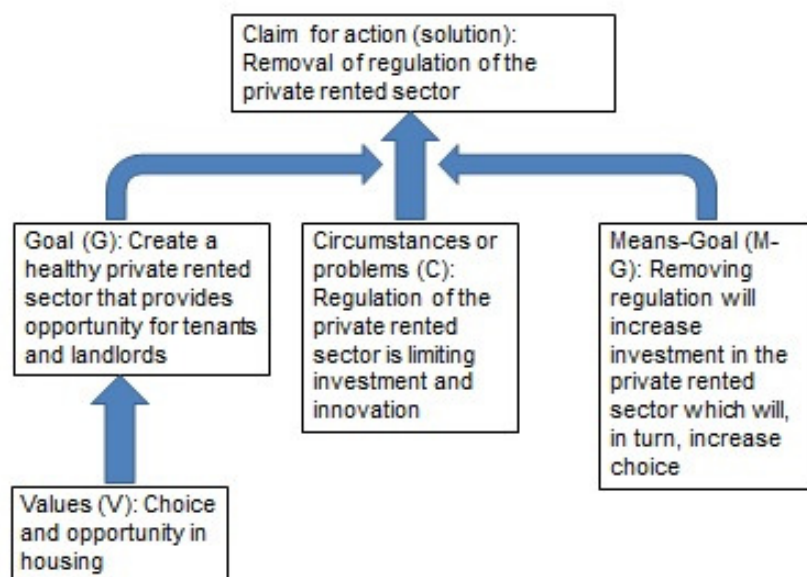
The first alternative discourse argued that the government should reduce regulation in the private rented market. This discourse was largely seen amongst Conservative MPs and peers during the New Labour period. In 1997,

Robert Walter outlined the Conservative's broad approach to housing arguing that:

“choice is central to our policy. We believe that individuals, not Government, know what is best for them and their families. In housing, the state's role is to ensure a diversity of provision to extend choice as widely as possible. Opportunity is closely related to individual choice, and we believe that we should create greater opportunities for investment and innovation in housing to assist not only the home owner but the private rented sector”.<sup>66</sup>

This is one of the few times that private renting is even mentioned by Conservative members of Parliament or the Lords. Analysis of this speech can be found in Figure 41.

*Figure 41: Analysis of alternative discourse 1, Walter, 1997<sup>67</sup>*



<sup>66</sup> Robert Walter MP, House of Commons Hansard, Tuesday 15 July 1997

<sup>67</sup> Robert Walter MP, House of Commons Hansard, Tuesday 15 July 1997

Occasional interventions from Conservative politicians were almost always in relation to the need to limit or reduce regulation. When Conservatives did contribute to debates about the private rented sector their comments are limited to issues with “bad tenants”<sup>68</sup> or the dangers of excessive legislation. In 2001, the Conservative spokesman, John Bercow, agreed with the government on the need for a “healthy” private rented sector but argued that that the “eighty-five changes to the housing benefit regulations since 1997 have consistently militated against that and have stifled the growth of the sector”.<sup>69</sup> Prior to the general election in 2001, a Conservative MP, John Butterfill, praised the Labour minister on his policies noting “the maturity with which the Labour party now approaches the issue of the private rented sector”.<sup>70</sup> This perceived lack of new regulation (apart from changes to Housing Benefit) may partly explain why the Conservative Party failed to contribute to debates on the private rented sector at this time. It suggests that the party was broadly in support of the New Labour approach. This support may not be surprising given the similarities between the New Labour discourse and earlier Conservative governments.

The discourse promoting less regulation can be traced back to the election of Margaret Thatcher as Prime Minister in 1979. Conservative housing policies from this time onwards heavily promoted the growth of owner occupation supported by a reformed private rented sector. Thatcher outlined a vision to create “choice in housing” and described Conservative policies as “a giant stride

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<sup>68</sup> Ian Bruce MP, House of Commons Hansard, Tuesday 13 June 2000

<sup>69</sup> John Bercow, MP, House of Commons Hansard, Monday 2 July 2001

<sup>70</sup> John Butterfill MP, House of Commons Hansard, Tuesday 27 March 2001

towards making a reality of Anthony Eden's dream of a property-owning democracy".<sup>71</sup> Kemp argues that:

“the Conservative’s vision for private renting was limited to managing the decline in the long-stay accommodation market and encouraging the provision of short-stay accommodation for mobile households and people saving up for a deposit prior to buying their own home” (2010, p.129).

In the early 1980s this led to cautious reform of regulation concerning private renting alongside major reforms to other areas of housing policy including the development of the right-to-buy and Housing Benefit. The Housing Act 1980 introduced assured tenancies in England and Wales which initially applied to newly built properties (Kemp, 2004). The Conservative manifesto for the 1987 General Election stated that “most problems in housing now arise in the rented sector” (The Conservative Party, 1987). In response, the Housing Act 1988 sought to deregulate the private rented sector and to support the growth of the tenure by “many thousands” (Department for the Environment, 1987, paragraph 1.8) of properties, particularly to allow people to move across the country to find work.

After John Major became Prime Minister in 1990, his governments built on the previous approach to the private rented sector. The description of housing policy from Robert Walter highlighted in Figure 41 is almost a direct quotation from the 1995 White Paper ‘Our Future Homes: Opportunity, choice, responsibility’. This White Paper stated that the government was “determined to

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<sup>71</sup> Margaret Thatcher MP, House of Commons Hansard, 15<sup>th</sup> May 1979

sustain the revival in the private rented sector that deregulation has achieved” (Department for the Environment, 1995, p.20). Their goal was to create a “healthy private rented sector” (ibid). The problem identified in the White Paper was that the recent growth of private renting needed to be sustained. One of the key solutions was “further deregulation to reduce the burden on small landlords” (ibid).

The similarities between the discourses in this White Paper and the New Labour approach are striking, particular the goal of a ‘healthy’ private rented sector. This may go some way to explaining the lack of intervention by Conservative politicians on the private rented sector. The key difference is the White Paper’s aim of further deregulation. This desire to further reduce regulation was the subject of most of the involvement by Conservative politicians in parliamentary debates. The Conservative Party did not make a single manifesto pledge or substantive policy proposal in relation to private renting between 1997 and 2010. This suggests that they no longer viewed the tenure as problem and were broadly content with the changes that had been implemented between 1979 and 1997.

In fact it has been argued that the New Labour approach actually represented a “conservative consensus” on the private rented sector. King describes the conservative approach as ultimately being pragmatic and in line with the ‘what works’ ethos of New Labour. Conservative beliefs “are somewhat different in type from those held by other ideologies... Conservatism is not necessarily concerned with ends but rather with processes. It is an ideology concerned with means” (King, 2006, p.21). The ‘means’ outlined by King is “good government”



(ibid) as conservatives “feel that government need not do much for us other protect us and then leave us alone” (King, 2006, p.142). The silence from the Conservative party in relation to private renting as this time may represent the belief that “not changing much need not be viewed as a negative, especially when many of us do not see the need for change and therefore see a positive virtue in keeping things as they are” (King, 2006, p.143).

## **Discourse 2: Protection for tenants from bad landlords**

A second alternative discourse was mainly seen amongst backbench MPs and peers from Labour and the Liberal Democrats during the New Labour period. This discourse highlights the problems associated with the private rented sector. Particular attention was paid to private renting’s impact on ‘vulnerable’ tenants or specific localities. In the first term of New Labour government this criticism was limited to a handful of backbench MPs and peers. They almost always sought to raise a particular issue within private renting, often concerning the MP’s own constituency. For example, Jeremy Corbyn highlighted substandard accommodation,<sup>72</sup> Hazel Blears drew attention to private rented properties remaining empty<sup>73</sup> and Lord Tope drew attention to problems with student accommodation.<sup>74</sup>

At the start of the second term of government there remained limited parliamentary attention on the private rented sector. A small number of MPs and peers, including Karen Buck and Baroness Maddock, continued to highlight

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<sup>72</sup> Jeremy Corbyn MP, House of Commons Hansard, Westminster Hall Sitting (Commons) of Wednesday 19 January 2000

<sup>73</sup> Hazel Blears MP, House of Commons Hansard, Commons Sitting of Tuesday 2 November 1999

<sup>74</sup> Lord Tope, House of Lords Hansard, Tuesday, 9th February 1999

problems with aspects of the private rented sector. Possibly the most wide ranging critique of the private rented sector came from Chris Mullin. By December 2001, Mullin was a backbench MP after spending time as a junior minister with some housing responsibilities. He stated that:

“What I am against, and what my constituents are up in arms about, is bad landlords... It is an unhappy fact that in Sunderland we have rather a lot of bad landlords... There are parts of Sunderland, [and I] believe this to be true of other northern cities, where the private rented sector is dragging down the entire social fabric... For those of my constituents who have the misfortune to live in areas where the private sector is expanding, this is the single greatest issue. It blights their lives.”<sup>75</sup>

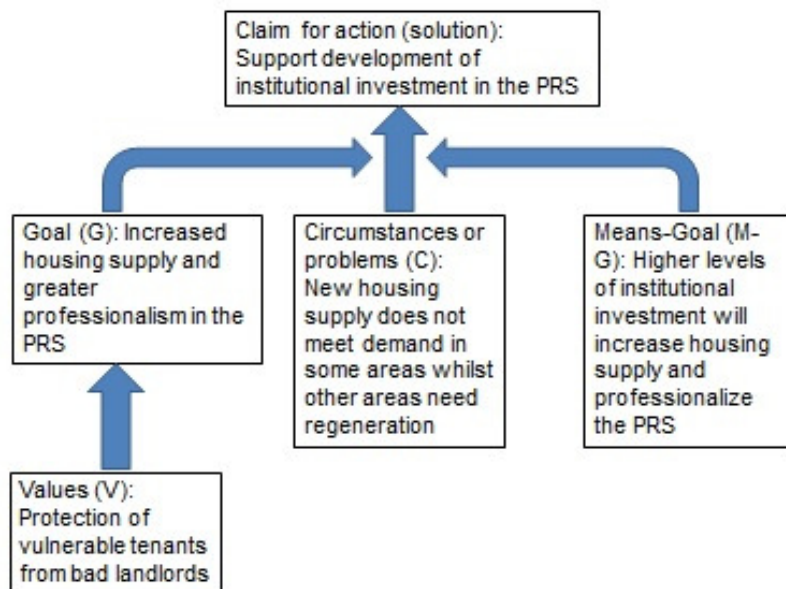
Mullin’s speech and the subsequent parliamentary debate provide clear examples of concerns amongst a group of MPs about problems within private renting. Analysis of Mullin’s speech can be found in Figure 42 and articulates a clear problem: bad landlords. These landlords “see their only function as collecting rent, and take no interest in the behaviour of their tenants or the condition of their property” (ibid). The result is anti-social behaviour, disrepair of properties and decline in the wider “social fabric”. Mullin argues that proposals to regulate Homes of Multiple Occupation should be extended and that new planning powers could “give local authorities discretion to limit the percentage of rented property in any given street”. In addition, he proposed the amendment of

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<sup>75</sup> Chris Mullin MP, House of Commons Hansard, Westminster Hall Sitting (Commons) of Wednesday 12 December 2001

the “Environmental Protection Act to allow prosecution of the landlord as well as the tenant” in relation to littering (ibid).

*Figure 42: Analysis of alternative discourse 2, Mullin, 2001<sup>76</sup>*



There were common themes amongst the politicians who expressed concerns about the private rented sector. They identified specific problems within the private rented sector, either in terms of particular localities or some niches within the tenure (e.g. students or Housing Benefit claimants). Critics of aspects of private renting then moved on to propose specific solutions to the problem they identify. These solutions were almost always the introduction of new legislative powers or regulations. Another common theme is that these critics almost always accepted the value and goals outlined in the New Labour consensus (and the earlier 1995 White Paper). For example, Karen Buck was one of the most regular critics of private renting but agrees that “we need a

<sup>76</sup> Chris Mullin MP, House of Commons Hansard, Westminster Hall Sitting (Commons) of Wednesday 12 December 2001

healthy private rented sector”<sup>77</sup> which “offers housing opportunities”.<sup>78</sup> This suggests that even critics of the private rented sector largely accepted the core values underpinning the New Labour consensus on the tenure. Their alternative discourse emphasised the importance of protecting tenants and was more concerned with the behaviour of landlords. However, it is notable that even the fiercest critics appeared to have moved away from the Rachman discourse that dominated left wing approaches to private renting up to the late 1980s.

The New Labour consensus represented a major change in party policy towards the private rented sector. Up until the general election of 1987 the Labour party had a tradition of strong opposition to private landlords. In their manifesto they promised that “security of tenure will be protected for private tenants” (The Labour Party, 1987). This approach was typified by the response of Labour MPs to the proposals which became the Housing Act 1988. The legislation introduced assured shorthold tenancies which allowed for the negotiation of rental levels between the tenant and landlord with security of tenure for a minimum of only six months (Kemp, 2004). The Labour spokesperson Clive Soley argued that the rights of tenants were being destroyed as “a shorthold assured tenancy is an insecure short let. There can be no consensus between the political parties on such a policy”.<sup>79</sup> A series of Labour MPs reiterated this attack on the Bill with repeated references to Rachmanism.<sup>80</sup>

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<sup>77</sup> Karen Buck MP, House of Commons Hansard, Westminster Hall Sitting (Commons) of Thursday 15 March 2001

<sup>78</sup> Karen Buck MP, House of Commons Hansard, Monday 26 January 1998

<sup>79</sup> Clive Soley MP, House of Commons Hansard, 30<sup>th</sup> November 1987

<sup>80</sup> David Winnick MP, House of Commons Hansard, 30<sup>th</sup> November 1987

For almost twenty years, the legacy of Rachman meant that political parties avoided providing any support to private landlords. In a parliamentary debate, Labour MP Paul Flynn stated that “there was once a bipartisan approach to housing; an agreement that there should be an alternative to the private landlord”.<sup>81</sup> During the 1960s “housing assumed a central political role, which indirectly can be traced to the activities of one west London private landlord named Rachman” (Allen & McDowell, 1989, p.1). Perec (or Peter) Rachman was a London landlord whose reputation for using aggressive methods for removing existing tenants to allow for increases in rents become infamous (Timmins, 2001). There was a consensus that “the provision of subsidies to the private rented landlord seems to have been politically out of the question, even for Conservative governments” (Kemp, 2004, p. 40).

This consensus held through the 1970s up to the election of the Thatcher government in 1979 (Allen & McDowell, 1989). The opposition to the Housing Act 1988 can be viewed as one of the final example of Labour’s direct opposition to private landlords which had lasted decades. After the defeat at the 1987 general election, the Labour Party undertook a wide ranging review of its policies (Westlake, 2001). By the election of 1992 the Labour manifesto was promising that “we... will not legislate retrospectively” (The Labour Party, 1992) in regard to the changes to the private rented sector made by the Housing Act 1988. This shift in policy was the start of development towards the New Labour approach to the private rented sector.

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<sup>81</sup> Paul Flynn MP, House of Commons Hansard, 30<sup>th</sup> November 1987

Another shift in Labour policy was beginning towards the end of the New Labour period, particularly after the onset of the Global Financial Crisis in 2007. By this time it was becoming clear that the private rented sector was growing rapidly. There is evidence that this was leading to increased concern about its impact. This second alternative discourse moved from concerns about a few 'bad' landlords to more widespread concerns about buy-to-let, poor standards and younger households being priced out of owner occupation. In his diaries, Chris Mullin records a number of parliamentary party meetings from 2007 where housing was a major concern for backbench MPs. These parliamentary party meetings offered an opportunity for backbench MPs to discuss government policy in private. At the meeting in February 2007 Mullin records that "speaker after speaker said housing was the number one issue – and not just in the south" (2010, p.152). There was deep concern that "accelerating prices have put the possibility of home ownership beyond the reach of about half of the younger population" (ibid). The growth of buy-to-let lending was described as a "pernicious new phenomenon" and that "the market can't provide" decent and affordable housing (ibid). By this time the values of the New Labour consensus were being questioned by an increasing number of MPs.

### **Discourse 3: Investment in the private rented sector**

The third alternative discourse emphasised the need to support investment in the private rented sector. This discourse was less obviously party political and could be exemplified by the cross-bench peer, Lord Best, and independent advisor, Kate Barker. In this discourse the private rented sector is seen as an important untapped source of investment which can be used to boost the supply

of housing. There is a particular concern to professionalise the private rented sector through institutional investment and supporting the expansion of ‘good landlords’. In February 2002, the newly appointed cross-bench peer Lord Best convened a discussion in the House of Lords on the private rented sector. In this discussion Best argued that:

“an expansion in private renting could ease two major problems facing the UK: first, the problem of severe shortages of accommodation, particularly in London and the South East; and secondly, the need for regeneration in the cities of the Midlands and the North”.<sup>82</sup>

Lord Best went on to argue for the need to actively support the expansion of private renting through increased institutional investment from sources such as pension funds and insurance companies.

This discourse had a broader vision for the role that private renting can play in the housing system. It viewed the tenure as a solution to wider problems in the housing system that moved beyond the limited role envisaged in documents such as the 2000 Green Paper (DETR, 2000). The goal outlined in this discourse was for the private rented sector to play an important role in improving choice, standards and affordability across the housing system. It built on the central value that “if the UK could expand its stock of private renting to comparable levels of competitor countries, the economic and social gains would be immense”.<sup>83</sup> Growth in private renting was a solution to a key problem in the housing system: the need to ensure that housing stock met the changing

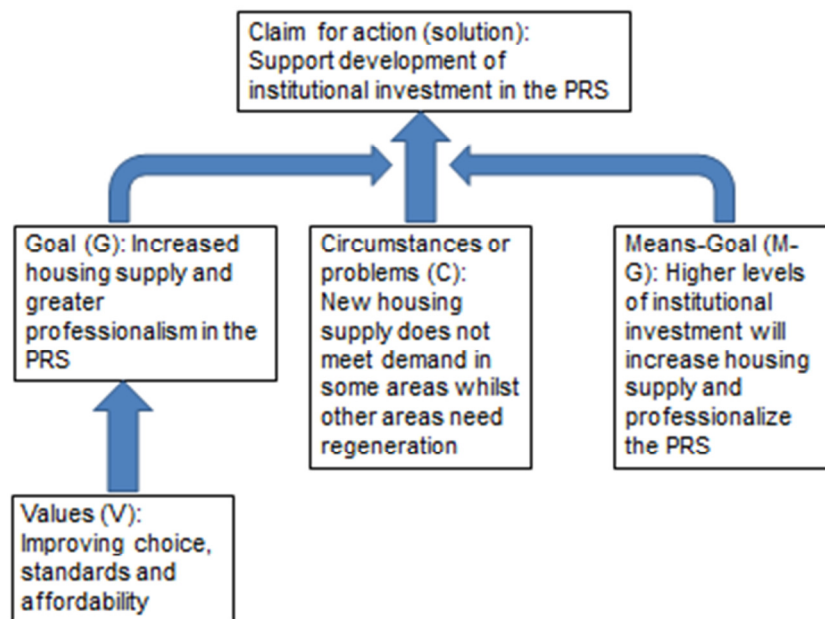
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<sup>82</sup> Lord Best, House of Lords Hansard, Wednesday, 27th February 2002

<sup>83</sup> Lord Best, House of Lords Hansard, Wednesday, 27th February 2002

requirements in different parts of the country. A summary of this discourse can be found in Figure 43.

*Figure 43: Analysis of alternative discourse 3, Best, 2002<sup>84</sup>*



Proposals to increase investment in the private rented sector can be traced back to the mid-1980s. They are exemplified by the Inquiry into British Housing which was chaired by the Duke of Edinburgh and co-ordinated by Richard Best (1985). This Inquiry was concerned with the problems of accommodation for low income households demonstrated by housing shortages, deteriorating conditions, lack of choice and unsatisfactory council estates. The decline of private renting and lack of private sector investment were perceived to be key factors underpinning the problem. To halt this decline the Inquiry proposed support for investment in private renting by housing associations and institutional investors. This proposal to increase institutional investment was

<sup>84</sup> Lord Best, House of Lords Hansard, Wednesday, 27th February 2002



accepted by the government of the time. In the 1988 Budget, Nigel Lawson, announced a Business Expansion Scheme which was designed to increase institutional investment in the private rented sector. However, the scheme had limited impact and during the 1990s there appeared to be little appetite for increased institutional investment in the private rented sector (Crook, 2002). Research suggested that potential institutional investors were discouraged by low rental yields, the poor image of landlords and perceived political risks (Kemp, 2004).

The potential for greater institutional investment was taken up again by the influential review of housing supply led by Kate Barker in 2004. This review argued that “a more flexible housing market should mean a greater role for the private rented sector and a better balance of housing tenures” (Barker, 2004, p.17). Barker recommended that investment in the private rented sector could be increased through the introduction of Real Estate Investment Trusts (REITs) to improve the tax treatment for large investors. The New Labour government accepted Barker’s recommendation for the development of REITs but institutional investment failed to materialise, except in student accommodation (Montague, 2012). Instead, new investment came from the rapid growth in buy-to-let mortgages (Leyshon & French, 2009; Ball, 2011). In 2008, this growth in buy-to-let lending led Lord Best to temper his earlier support, saying that:

“those of us who are keen to see a growth in private renting have desisted from talking about regulation for the past 12 years or so because we have worried that investment might dry up. In light of the fact that some £120 billion has now swamped the buy-to-let market and there

are now more than 500,000 private landlords of very variable quality, perhaps the time has now come for some regulation for this sector”.<sup>85</sup>

This third discourse outlines wider goals for the private rented sector than those proposed by the New Labour consensus. Proponents, such as Best and Barker, suggest that private renting can actively support economic development and take on a greater role in the housing system. Despite this wider vision, the third discourse can still be reconciled with the New Labour consensus as it is essentially concerned with increasing choice for consumers.

Taken together it appears that New Labour was able to build a remarkably broad consensus over the role of private renting. This consensus managed to incorporate aspects of three alternative discourses promoting less regulation, greater protection for tenants and increased investment. New Labour emphasised the development of a ‘healthy private rented sector’ which was also the goal of the discourse promoting less regulation. Protection of tenants was also a key goal of the New Labour consensus which overlapped with the aims of discourse two. Finally, both discourse three and the New Labour consensus supported growth of private renting. However, there is some evidence that contestation increased as the rapid growth of the private rented sector became clear, particularly from the discourse promoting greater regulation.

In summary, during the New Labour consensus, limited growth of private renting was largely viewed as a solution to other housing problems. It is clear that there were strong continuities between the New Labour approach and those of earlier

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<sup>85</sup> Lord Best, House of Lords Hansard, 2<sup>nd</sup> April 2008

Conservative governments. There was broad agreement that the revival of the private rented sector was necessary to support the primary goal: the growth of owner occupation. This was based on the assumption that most households would want to be owner occupiers but that it was not ideal at particular stages of the life-course. Private renting was designed to provide additional choice for groups such as students, divorcees or households who were moving for work. King suggests that “New Labour has been good at articulating the language of the conservative disposition” (King, 2006, p.145). Both Lund (2008) and King emphasise the importance of the overall rhetoric of New Labour in relation to housing policy. Lund argues that this rhetorical support underpinned increased investment in the private rented sector.

In contrast, King was more ambivalent about the impact of the New Labour rhetoric. He suggested that “so long as New Labour just talk about doing things and depend on rhetoric, we should not be too concerned about the health of the conservative disposition” (King, 2006, p.147). In his view, the rhetoric of New Labour was not overly important as “the privatisation of housing, and the manner in which it is embedded in our ordinary practices, means that housing policy itself has ceased to be relevant politically” (King, 2006, p.147). This contention will be explored further in the next section which investigates the relationship between different discourses and housing policy.

## **7.4 Housing policy and the growth of the private rented sector**

### **7.4.1 Housing policy under New Labour**

King suggests that housing policy may not be particularly important as New Labour focused on rhetoric over substantive action. In particular, he argues that the growing privatisation of housing led to the marginalisation of housing policy. There is strong evidence of a broad consensus that limited growth of the private rented sector was intended to support the expansion of owner occupation. This leads to the second sub-question: What was the relationship between national housing policies and the growth of private renting? This question forms the basis of investigation into whether there is any evidence of an active programme of intervention in the private rented sector which challenges King's arguments. In order to assess this question I have sought to place the parliamentary debates within their wider context (Fairclough & Fairclough, 2012) by analysing the national housing policies developed during the New Labour period. I have focused on housing policies in order to bound my analysis. Other types of policies are likely to have acted as drivers and these are briefly reviewed later on in the thesis.

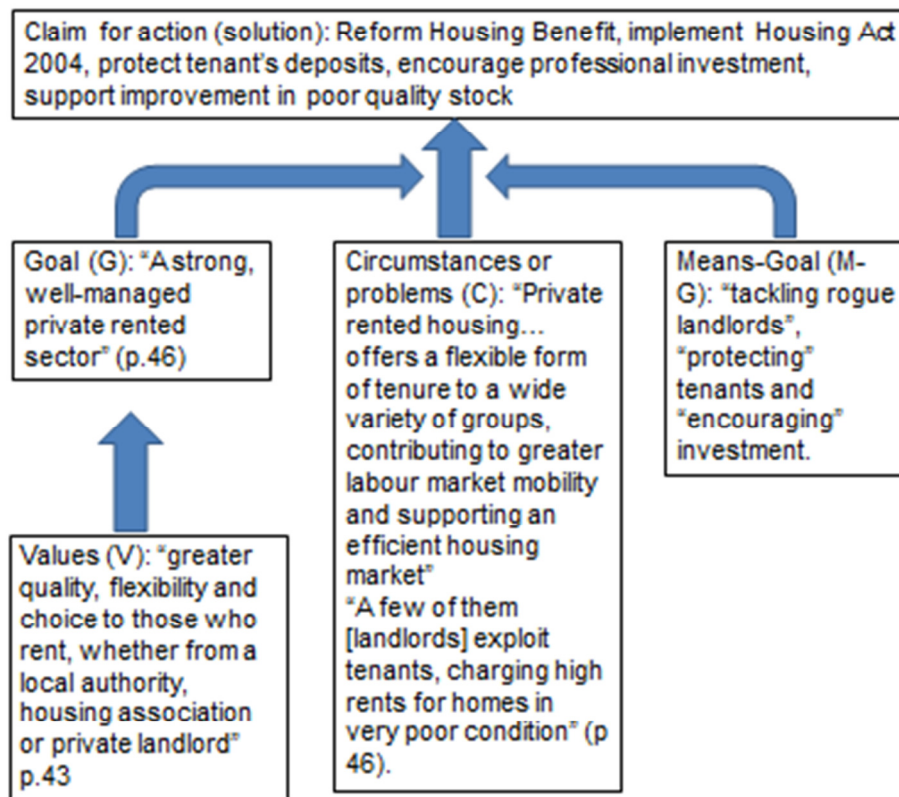
During the early years of New Labour government "many observers detected a lack of enthusiasm for a clear housing policy and a continuation of the practices of the Conservative period" (Mullins & Murie, 2006, p.73). This was particularly true of the private rented sector which was only mentioned in passing in the first housing policy document published in 1998 (DETR, 1998). The major responsibility for the private rented sector was delegated to local authorities in

their role as 'strategic enablers' of housing (ibid). The first substantive proposals for the private rented sector appeared in April 2000, almost three years into the parliament. When a Green Paper was finally published, it outlined a more detailed New Labour housing policy but did not herald a major change in direction. Instead there were "striking continuities" (Murie, 2010, p.234) with previous Conservative policies including the promotion of owner occupation through the right-to-buy and stock transfer of local authority housing (Cowan & Marsh, 2001). In terms of private renting, there were also strong similarities with the approach of earlier Conservative governments. There was a recognition that "it can prove necessary for government to intervene" (DETR, 2000, p.48) in the market but the Green Paper was clear that intervention was to be strictly limited. There was a particular concern about the possible impact of regulation on "well-intentioned" landlords (DETR, 2000, p.49). The responsibility for government was limited to promoting good practice, encouraging investment and protecting the vulnerable from a 'small minority' of 'bad landlords'.

The next major policy milestone was the Sustainable Communities Plan of 2003. Detailed analysis of this document can be found in Figure 44. This highlights the potential relationship between discourses and specific housing policies. The plan stated that the government was "determined to put an end to poor housing and bad landlords" (Office of the Deputy Prime Minister, 2003, p.3). However, the only action in relation to tackling 'bad landlords' was the introduction of powers to "allow local authorities in low demand areas to license landlords" (Office of the Deputy Prime Minister, 2003, p.28). These proposals developed into the Housing Act 2004 which created powers for selective

licensing of private renting by local authorities. The Act also introduced measures to protect tenant's deposits. Other policy outcomes from the plan were schemes to encourage institutional investment in the private rented sector through changes to taxation and tackle poor quality housing. Much of the responsibility for implementing these policies was delegated to local authorities or consumer protection law. Lund (2008) suggests that these were modest changes in policy and Cowan argues that the Act failed to create "a coherent approach to the sector's regulation" (2011, p.65). In general, the policies up to this point fit with the New Labour discourses and do little to challenge King's assertions about the lack of substantive policy.

Figure 44: Analysis of Sustainable Communities Plan 2003<sup>86</sup>



<sup>86</sup> Quote from: Office of the Deputy Prime Minister, 2003

The Sustainable Communities Plan also highlighted the intention to undertake reform of Housing Benefit. It has been suggested that the most important change to the private rented sector during the New Labour governments was the introduction of the Local Housing Allowance (Lund, 2008). Housing Benefit would now be paid at a flat rate within each housing market for a property that was deemed to meet the needs of the claimant household (Mullins & Murie, 2006). This change was announced in 2002 and gradually introduced in 'pathfinder' areas. The intention of the policy was to promote choice and responsibility for tenants within the private rented sector (Cowan, 2011). Evidence from the pathfinder areas suggested that the impact of these changes on landlord behaviour was limited (Rugg, 2006) but the policies are discussed in more detail in section 7.5.3.

At the start of the third term of New Labour government in 2005, housing policy largely continued as before with implementation of licensing for Homes of Multiple Occupation<sup>87</sup> and proposals to develop REITs.<sup>88</sup> Gordon Brown became Prime Minister in 2007 and emphasised the importance of affordable housing for "a new government with new priorities" (Rawnsley, 2010, p.459). After the onset of the Global Financial Crisis government policy sought to boost housebuilding and protect owner occupiers from repossession (Scanlon & Elsinga, 2013). It was during this period that two academics, Julie Rugg and David Rhodes, were commissioned to conduct a review of the private rented sector. The review was published in October 2008 and set out a series of recommendations to improve the tenure. These included introduction of "light

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<sup>87</sup> Baroness Andrews, House of Lords Hansard, 21<sup>st</sup> July 2005

<sup>88</sup> Gordon Brown MP, House of Commons Hansard, 5<sup>th</sup> December 2005

touch” regulation and encouraging investment from both institutional investors and “good landlords” with small portfolios (Rugg & Rhodes, 2008, p.xxiii).

In May 2009, the government published a consultation on some the recommendations made in the Rugg Review. The consultation expressed concern about the possibility of the private rented sector shrinking and argued that the tenure was “needed” (Department for Communities and Local Government, 2009, p.11). This consultation provided a more detailed plan for private renting than previous documents produced during the New Labour period. However, it continued to argue that regulation needed to be ‘improved’ rather than increased and emphasised the role of consumer protection. The consultation ruled out any changes in the legislation surrounding tenancies and specifically rejected detailed proposals from the Law Commission (2006). In February 2010, the government finally published a strategy for the private rented sector but the proposals fell short of the recommendations from the Rugg Review in several key areas including the regulation of letting agents (Department for Communities and Local Government, 2010). There were also notable changes in other areas of housing policy which encouraged greater use of the private rented sector. For example, the Homelessness Act 2002 gave local authorities greater freedom to place homeless households in the private rented sector (Cowan, 2011).

In summary, it is very hard to find any evidence of a substantial, active programme of government intervention in the private rented sector as a whole. It appears that there is some support for King’s suggestion (2006) that housing policy was becoming marginalised. The focus on policy was the correction of



problems with the functioning of the private market in housing. These problems included strengthening consumer protection laws (e.g. tenancy deposits), tackling illegal behaviour (e.g. selective licensing) and promoting greater investment. The New Labour approach often consisted of “masterly inactivity”, as described by one of their housing ministers, Nick Raynsford (quoted in Kemp, 2004, p.65). In a range of policy documents and speeches, successive New Labour ministers were at pains to point out that they were seeking the minimum intervention in the private rented sector in order to allow the market to function independently. This approach led to the rejection of more comprehensive changes to private renting proposed by the Law Commission and the Rugg Review. It appears that the New Labour discourse on private renting was closely aligned with the housing policies that they pursued whilst in government. This largely supports the view that under New Labour ‘housing policy marked time, albeit within a novel political language’ (Lund, 2008, p.36).

The rhetorical and policy consensus on the private rented sector began to break down at the end of the New Labour period. After the formation of a Coalition government between the Conservatives and Liberal Democrats, the new Housing Minister, Grant Shapps, acted quickly to confirm that the proposals put forward by the previous government in response to the Rugg Review would not be implemented. Shapps promised landlords that there would be “no more red tape” (2010) and that the current regulatory framework would remain in place. Labour began a review of their policies and gradually began to promote greater intervention in the tenure to protect vulnerable tenants (The Labour Party,

2013). Did a programme of more active intervention in the private rented sector emerge after the growth in the tenure became apparent?

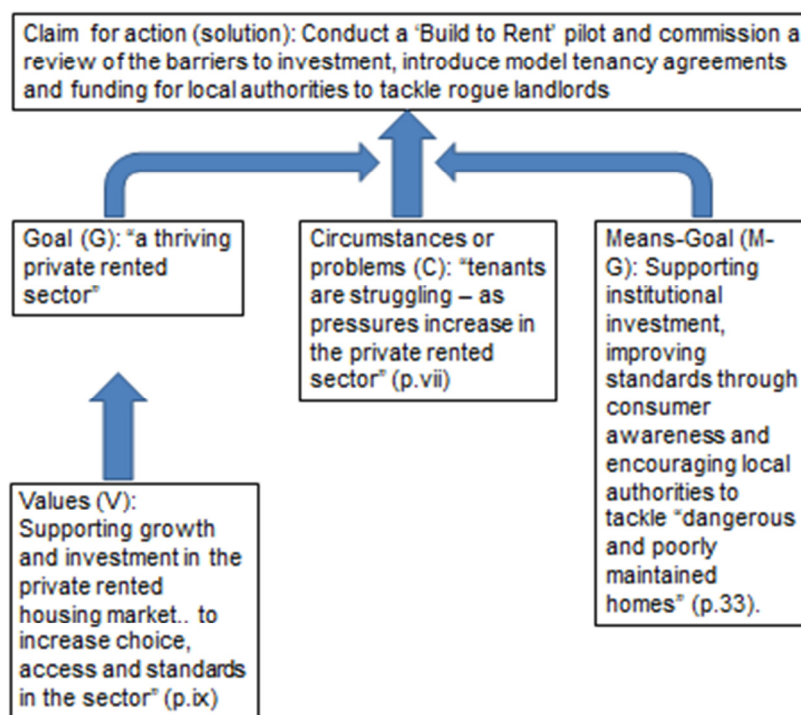
#### **7.4.2 Housing policy after 2010**

The breakdown of the consensus on the private rented sector led to a divergence of housing policies amongst the main political parties in England. This can be investigated by reviewing two key policy documents from this period: the housing strategy of the government and Lyons Review commissioned by the Labour party. These have been chosen to demonstrate the wider policy context at this time. In November 2011, the Prime Minister and Deputy Minister jointly launched a new housing strategy (HM Government, 2011). Particular emphasis was placed on the problem of households who were “locked out” of owner occupation and the policy stated that “people who work hard... can expect to own a decent home of their own” (ibid). This emphasis on owner occupation represented continuity with Conservative housing policies for much of the post-war period.

Figure 45 outlines the key features of Laying the Foundations and highlights three areas of policy activity in relation to the private rented sector. The first area of activity was increasing institutional investment. This included the ‘build-to-rent’ initiative which was allocated £1.7 billion to support institutional investment in the private rented sector (HCA, 2014). The second area of activity was improving standards through greater consumer awareness. Action in this area was much more limited and involved attempts to “increase transparency” by obliging letting agents to publish their fees online and in their offices (DCLG, 2014b). Some financial support was provided in the third area of activity:

supporting local authorities to tackle the worst conditions in the private rented sector. A small number of local authorities received £6.6 million to tackle ‘rogue landlords’, particularly illegal outhouses known as ‘beds in sheds’ (DCLG, 2013). The total funding to tackle ‘rogue landlords’ represented less than 0.5% of the amount announced to support institutional investment. In summary, *Laying the Foundations* contains a similar discourse to earlier documents but the actual policies place much greater emphasis on support for institutional investment.

*Figure 45: Analysis of Laying the Foundations, 2011*<sup>89</sup>



The most comprehensive response from the Labour party can be found in the Lyons Housing Review published in 2014. The role of the private rented sector within the review is ambiguous. On one hand the growth of the private rented

<sup>89</sup> Page numbers from (HM Government, 2011)

sector is highlighted by Lyons as a negative consequence of the failure of housing supply. In the executive summary, the statement that “we face the biggest housing crisis in a generation” is supported with evidence that “the 2011 Census shows that there were one million more children living in the private rented sector than ten years previously” (ibid). At the same time, the review recommends increased institutional investment as one of the measures to boost housing supply. It is highly likely that this kind of institutional investment would deliver private rented accommodation. It is possible that this ambiguity highlights the diverging approaches to different niches within the private rented sector.

Some niches appear to be viewed positively by the Lyons review and are therefore considered worth supporting financially. These niches tend to include purpose built student accommodation and ‘city living’. These niches tend to be viewed as serving a socially useful purpose by supporting labour market mobility and providing reasonable accommodation. They are also more likely to be financed by institutional investors. In contrast, other niches appear to be viewed by Lyons as problematic and in need of reform. The review expresses concern about “dependant households” (The Lyons Housing Review, 2014, p.153). Discussion of “dependent households” focuses on the rapid increase in Housing Benefit claimants and expenditure in recent years. Concerns are often raised that “large sums are paid out to private landlords via housing benefit but this does not necessary improve standards or stability for tenants” (ibid). It appears as if the Lyons review is arguing for greater investment in some niches within private renting (such as city centre living) and reform of other niches

(such as Housing Benefit). However, this is not explicitly stated within the review. This leads on to consideration of policy approaches to different niches in the next section.

## **7.5 Housing policy and niches**

### **7.5.1 Brownfield development and city centre living**

Analysis of the Lyons review suggests that overall support for the growth of the private rented sector within national housing policies may mask important differences in approach to niches. The third sub-question in this chapter asks:

- What roles did housing policy play in relation to different niches within the private rented sector?

So far it appears that there was a broad consensus which supported growth of private renting during the New Labour period. Housing policy at a national level largely reflected this consensus and intervention in the tenure was limited. The policies of the Coalition Government shared a similar discourse but provided greater financial support for institutional investment. Support for institutional investment was provided by the Lyons Review even though this document was more ambivalent about the private rented sector. In particular, the Lyons Review supported ‘city living’ but expressed concern about Housing Benefit. Section 7.3 highlighted the origins of a discourse which supported institutional investment and it is worth also reviewing policy support in this area.

A greater focus on ‘high-density’ developments was one of the key changes in housebuilding during the New Labour period. It has been noted that “the focus

on sustainable development as an overarching goal of planning led to the share of new house building in England provided by flats on brownfield sites rising from 20 per cent at the beginning of the 1990s to 46 per cent by 2010” (Jones & Coombes, 2013, p.7). The desire to increase the proportion of new properties built on ‘brownfield’ or previously developed land was a key policy aim of housing policy for the New Labour governments. A target of 60% of housebuilding on brownfield sites was designed to support an “urban renaissance” (Office of the Deputy Prime Minister, 2003). This followed the influential Urban Task Force led by Richard Rogers which had reported in 1998. It suggested that “since the industrial revolution we have lost ownership of our towns and cities, allowing them to become spoilt by poor design, economic dispersal and social polarisation” (Urban Task Force, 1999, p.3). The taskforce promoted institutional investors as a major source of the finance to support this urban development. In reality, increased brownfield development “was largely facilitated, especially in city centres, by the emergence of ‘buy-to-let’ private landlords” (Jones & Coombes, 2013, p.7). It is argued that these changes in planning policy towards brownfield development where one of the drivers supporting the growth of private renting. They suggest that “despite the apparent tenure neutrality of planning policies, they do have consequences for tenure patterns in individual areas” (Jones & Coombes, 2013, p.7).

The implications of this trend towards brownfield development can be seen by returning to the case study area of Birmingham. Rae (2013) analysed the impact of the ‘urban renaissance’ policies by investigating population change in eight ‘core cities’ in England. His analysis (outlined in section 6.5) highlighted

the association between the development of purpose built flats in the city centre of Birmingham and rapid growth of private renting in these areas. Reflecting on these trends Rae suggests that “in places like Birmingham, Liverpool and Manchester the large volume of new high-rise apartment buildings is testament to a renewed enthusiasm for urban living” (Rae, 2013, p.100). He goes on to suggest that “the return to the city was in part spurred on by a deliberate policy mechanism which attempted to reurbanize and ‘un-perforate’ the fabric of the city and make cities economically viable and investible” (Rae, 2013, p.100).

### **7.5.2 Planning policy and city centre living in Birmingham**

Planning policies in Birmingham support Rae’s argument that there was a deliberate programme designed to ‘reurbanize’ the city. This can be seen in the Unitary Development Plans for the city which acted as a statutory planning document to guide land use and planning policy decisions. A Unitary Development Plan was published in 1993 and subsequently reviewed in 2000 and 2005 (Birmingham City Council, 2005). The strategy outlined in the 2005 development plan clearly reflects the concerns of the Urban Task Force and national housing policy promoting ‘urban renaissance’. It argued that the “City has endured a period of decline from which it is now recovering”.<sup>90</sup> A major increase in housebuilding is not expected as “most of the City’s dwelling stock already exists”.<sup>91</sup> Where new development is required there is a clear emphasis on brownfield land so that “development should be encouraged to take place on

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<sup>90</sup> Birmingham City Council, 2005, chapter 2, page 3

<sup>91</sup> Ibid, chapter 2, page 5

previously developed land within the urban area and that development on greenfield sites should only be permitted where there is no alternative”.<sup>92</sup>

The plan emphasises the strategic importance of changes to the city centre stating that “to a large degree the prosperity of the whole City will depend on the vitality of the City Centre which is by far the most important concentration of economic, cultural and administrative activity within the West Midlands Region”.<sup>93</sup> An important part of this was “encouraging ‘City Living’ through the promotion of new housing in the City Centre to meet a wide range of different needs. This will involve both the conversion of existing buildings and new build”.<sup>94</sup> Specific areas for development are highlighted in Figure 46 with development of new accommodation in the city centre acting as part of a wider aim to “enable tenure diversification across the City and increase housing choice for residents currently living in sub-standard dwellings”.<sup>95</sup> Section 6.5 highlighted some of the output areas in the city centre which had experienced rapid growth in private renting between 2001 and 2011. In the city centre these consisted of new build apartment blocks which had very high rates of private renting in the 2011 census. Around Bridleyplace (to the west of the city centre) two output areas in 2001 had become 23 output areas by 2011 indicating massive population growth. In these areas there was an increase of 2090 households within the private rented sector which accounts for 6% of all the growth in private renting across Birmingham. Further information about this area can be found in Appendices 16 and 17.

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<sup>92</sup> Ibid, chapter 2, page 16

<sup>93</sup> Ibid, chapter 2, page 17

<sup>94</sup> Ibid, chapter 2, page 18

<sup>95</sup> Ibid, chapter 5, page 78



Figure 46: Principle areas of development potential, city centre, Birmingham Unitary Development Plan, October 2005<sup>96</sup>



<sup>96</sup> Taken from: Birmingham City Council, 2005

In summary, there is clear evidence of specific local authority policies designed to promote the development of 'city living' in Birmingham. These were intended to deliver purpose-built flats with a mix on tenures. Instead, private renting financed by buy-to-let landlords dominated these new developments. The Birmingham case study can also be considered alongside national policies to support institutional investment and increase brownfield development. It appears that, at least in Birmingham, these policies have actively supported the growth of private renting in the city centre. This suggests that at least one niche within the private rented sector has received – possibly inadvertent – support from government policy at both a national and local level.

### **7.5.3 Housing Benefit policies**

There is evidence that other niches within the private rented sector were constrained by government policy. It has already been noted that Lund (2008) emphasises the importance of changes to Housing Benefit. He argues that the greatest change to the private rented sector during the New Labour governments was the introduction of the Local Housing Allowance. Kemp suggests that Local Housing Allowance represented a “radical reform of Housing Benefit for private tenants” (Kemp, 2007, p.128). Housing Benefit had a “problematic history” (ibid) suffering from both structural and practical issues since its introduction in 1982. It had grown to become “one of the central pillars of housing policy” and “the main housing subsidy” (Stephens, 2005, p.111). The introduction of Local Housing Allowance by New Labour was intended to address problems with Housing Benefit through “extending choice by creating incentives for claimants to consume housing more efficiently as well as

removing some of the administrative deterrents to moving into work” (ibid). Contemporary analysis suggested that the impact of the Local Housing Allowance was relatively modest, both in relation to tenants and landlords (Kemp, 2007). The reforms represented a “partial solution” (Kemp, 2007, p.128) which made limited progress towards improving both the structural and practical problems with Housing Benefit.

Reform to Housing Benefit continued after the formation of a Coalition government in 2010. Shortly after the general election, the Coalition government announced a series of major changes to social security which affected private renters. Before entering office as Secretary of State for Work and Pensions Iain Duncan Smith had outlined concerns about social security. He argued that the major problem was that “the cost of welfare has increased inexorably” (Centre for Social Justice, 2009, p.5) and “the biggest barrier to those entering work for the first time was the benefits system itself” (ibid). In June 2010, the Coalition government introduced an ‘emergency budget’ which made a series of changes to Local Housing Allowance. These included reducing rates to the 30<sup>th</sup> percentile of local markets (from the 50th percentile), linking increases to the Consumer Price Index of inflation and capping maximum awards (Vine, 2010). Analysis of the initial impacts of these changes suggested that they had affected both tenants and landlords. Around one-third of landlords reported changing their strategy as a response to the reforms of Local Housing Allowance (CRESR, 2014). Some landlords sought to move out of this market but the response was dependent on local conditions and access to other sources of demand. The coalition government also introduced the

Localism Act 2011 which increased the use of the Housing Benefit in the private rented sector to accommodate homeless households (Fitzpatrick, Pawson, Bramley, *et al.*, 2013).

Difficulties encountered by tenants also appeared to vary geographically. In some housing markets the changes were relatively minor and could be managed by tenants. However, tenants living in London appeared to be experiencing considerable problems with affordability and accessing accommodation (*ibid*). The geographic variation in Housing Benefit changes by national government caused a range of concerns in different local authorities. By 2014 there was growing unease in Birmingham about out-of-area placements by other local authorities into the city. Birch (2014) highlighted the rapid growth in the number of households being offered accommodation outside of their local area. Local authorities such as Oxford and Newham were accused of seeking to place households in lower cost accommodation in Birmingham and Stoke-on-Trent. Birmingham City Council also expressed concern about the placement of vulnerable households from London in temporary accommodation (Douglas, 2013). The impacts of the changes to Local Housing Allowance might have varied geographically but the overall approach from the Coalition government was clear. Housing Benefit was considered to be a problematic niche and the Coalition government sought to limit consumption by claimants. This suggests that policy at both a local and national level has taken a different approach to two of the most spatially distinct niches identified in Birmingham: City Centre Flats and Housing Benefit Dominant.

#### **7.5.4 Student accommodation**

The third spatially distinct niche in Birmingham was Students Around Campus. Responsibility for managing student accommodation largely falls within the remit of local authorities. In particular, the powers of the Housing Act 2004 in relation to Homes of Multiple Occupation have been used to respond to concerns about student accommodation. A range of fears about 'studentification' were investigated by the Department for Communities and Local Government in 2008. The housing minister at the time, Caroline Flint stated that "it is not acceptable that current rental practices allow unplanned student enclaves to evolve to such an extent that local communities are left living as ghost towns following the summer student exodus" (quoted in Wilson, 2013, p.13). Despite these concerns the primary policy responsibility remained with local authorities.

Some local authorities have used their powers to require landlords to gain planning permission before they can convert existing dwellings to student accommodation (Ball, 2014). Birmingham provides an example of this kind of approach. The Unitary Development Plan actively sought to limit the expansion of the private rented sector in some areas of the city (Birmingham City Council, 2005). An 'Area of Restraint' was established Selly Oak due to concerns about the large numbers of Homes of Multiple Occupation which were accommodating students. The restraints meant that planning permission could be refused for the development of further properties. In 2014 the council increased planning restrictions on Homes of Multiple Occupation in Selly Oak and adjacent wards using an Article 4 Direction. The aim was to "manage the growth of HMOs by

dispersing the locations of future HMOs and avoiding over-concentrations occurring” (Birmingham City Council, 2014). There is clear evidence that the local authority has sought to actively limit the development of student Homes of Multiple Occupation in Selly Oak. Taken together it appears that there have been different policy responses to different niches at both a national and local level. Support for ‘city living’ can be compared to restraints designed to limit consumption of accommodation by Housing Benefit claimants and the development of Homes of Multiple Occupation in the Students Around Campus niche.

## **7.6 Discussion of results**

This chapter highlights interactions between the growth of private renting and both political discourses and housing policies. The research question asked: ‘what roles have political drivers played in growth of the private rented sector’? A consensus in discourses on private renting at a national level during the New Labour period was highlighted by the first section of analysis. This dominant discourse viewed the growth of private renting as a necessary component of main goal of housing policy which was the growth of owner occupation. Housing policy at a national level largely followed this discourse during the New Labour period. Notable policy interventions included changes to Housing Benefit and licensing of Homes of Multiple Occupation. There was some evidence of divergence in policies after 2010. This included financial support for institutional investment from Coalition government and proposal for greater regulation from Labour. This divergence highlights different policy approaches to particular

niches. Evidence from national policy and Birmingham identified financial and policy support for 'city living'. At the same time, there were increased limits on financial support for Housing Benefit claimants and constraints on the development of Homes of Multiple Occupation to stop 'studentification'.

The divergent policy approaches to different niches within the private rented sector may illuminate the niche analysis outlined in chapter five. Three highly distinct niches were identified within Birmingham: City Centre Flats, Students Around Campus and Housing Benefit Dominant. City Centre Flats increased rapidly between 2001 and 2011 accounting for 14% of the growth of private renting within the city. In contrast, Students Around Campus and Housing Benefit Dominant increased less quickly than other niches. Students Around Campus accounted for 5% of the private rented sector in 2011 but only 2.5% of the growth during the preceding decade. It appears that the planning policies aimed at limiting the development of Homes of Multiple Occupation for students may have been successful. There is evidence that students were increasingly found in the City Centre Flats niche and purpose-built accommodation in other locations. The impact of policies on the Housing Benefit Dominant niche is less clear. It may be that national policies limiting consumption by claimants have constrained growth of this niche in particular parts of the city. However, the overall number of Housing Benefit claimants within Birmingham has increased considerably. This is also likely to reflect wider policies which have diverted low income households away from social housing and into the private rented sector. In summary, it appears that political discourses have supported the overall

growth of the private rented sector but both national and local policies have often differentiated between niches.

It may be possible to account for this discrepancy by considering the designated role of private renting within the housing system. If the primary role of the private rented sector was to support expansion of owner occupation then the logic underpinning differentiation between niches may become apparent.

Policies promoting 'city living' were designed to support labour mobility, increase choice and promote economic growth. A key focus of the reform of Housing Benefit has been improving work incentives for low income households. Taken together this provides a clearer role for the private rented sector. There is a common theme that the core focus of private renting is to support the labour market and create flexibility as part of the wider aim of increasing owner occupation. At the start of the chapter Bourdieu argued that supply and demand "depend in turn, more or less directly, on a whole set of economic and social conditions produced by 'housing policy'" (2005, p. 15).

There is clear evidence in this chapter that political discourse and both national and local housing policies have sought to shape the private rented sector. They have acted to change supply and demand both for the tenure as a whole and niches within it. This understanding of the role of political drivers provides a challenge to the emphasis of the 'priced out' thesis on economic drivers. It also provides a clearer account of the interactions between housing policy and the growth of the private rented sector.



## **7.7 Summary of chapter seven**

Academic analysis of the interactions between housing policy and the growth of the private rented sector has been limited. This chapter sought to address this gap by assessing a range of political drivers which shape the private rented sector. During the New Labour period discourses on the private rented sector suggested that limited growth of the tenure was important to support the wider goal of increased owner occupation. Private renting was intended to provide additional choice for groups such as students, divorcees or households who were moving for work. The overall policy approach during the New Labour period at a national level was one of minimum intervention in the private rented sector in order to allow the market to function independently. The approach under the Coalition Government utilised a similar discourse but the actual policies placed greater emphasis on support for institutional investment.

In 2014 the Labour party proposed greater investment in some niches within private renting (such as city centre living) and reform of other niches (such as Housing Benefit). This led on to consideration of the relationship between different niches and policy. There was clear evidence of specific local authority policies designed to promote the development of 'city living' in Birmingham. These were supported by national policies to promote the brownfield development and institutional investment. In contrast, local planning policies actively sought to limit some types of student accommodation in Selly Oak. National policy may also have constrained the growth of the Housing Benefit Dominant niche. This suggests that niches within the private rented sector received different levels of support or constraint from housing policies.

Taken together it appears that the consensus of national discourses supporting the growth of private renting may mask a more complicated picture in relation to housing policy. The overall policy approach at a national level emphasised the necessity of minimum intervention throughout the New Labour and Coalition governments. However, there were specific policies which supported the city centre living niche with substantial government subsidies but sought to reform the Housing Benefit niche. This suggests that the approach of 'minimum intervention' was not applied equally to all of the niches within the private rented sector. It may be possible to reconcile the different approach to niches by considering the role of private renting. The tenure was meant to support the labour market and create flexibility within the housing system as part of the wider aim of increasing owner occupation. There is clear evidence that political drivers played a variety of roles in shaping the growth of private renting at both a national and local level.

# CHAPTER EIGHT - THE GROWTH OF PRIVATE RENTING: INTEGRATING AND ASSESSING THE RESEARCH FINDINGS

## 8.1 Synthesis of research findings

This chapter draws together the research findings to assess the overall question guiding this thesis:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?

In chapter one I highlighted some of the key features of the rapid growth of the private rented sector and the context in which it occurred. Different explanations for this growth were discussed in chapter two. The first explanation was the popular account of 'generation rent' which emphasises the 'priced out' thesis. A range of limitations in this account were highlighted by assessing the current academic literature. The 'generation rent' account may underestimate the wider impact of this change. For example, it fails to fully describe the polarisation of wealth and the changing housing circumstances of low income households. The current academic literature provides a stronger account of the growth of private renting but has notable limitations. These include interaction between drivers, differentiation within private renting and understanding of specific drivers, particularly housing policy.

Chapter two concluded with the identification of three sub-research questions aimed to address key gaps in current knowledge. These were:

- What factors account for the rapid growth of private renting in England and how have these factors interacted to produce this outcome?
- Which economic and demographic drivers have been most influential in the growth of the private rented sector at a local level and how have these drivers interacted?
- What roles have political discourses and policies played in growth of the private rented sector?

In chapter three I discussed different theoretical explanations for how tenure change occurs. This led to the identification of critical realism as a basis for investigating my research questions. The methodological implications of this were outlined in chapter four and the findings relating to these questions were presented in chapters five, six and seven respectively.

In chapter five I used multivariate analysis to assess economic and demographic changes associated with the growth of private renting at a local authority level between 2001 and 2011. Initial analysis noted geographic differentiation in tenure change across different local authorities. There was no association between the decline in purchasing with a mortgage and house prices, incomes or house-price to income ratios at local authority level. In contrast, the growth of the private renting was strongly associated with three variables: population change (which could be disaggregated into recent arrivals, students and multi-person households), unemployment benefit claimant rates

and property transactions. House price to income ratios were associated with the growth of private renting but this variable appeared to play a less important role than other variables. The use of multivariate analysis highlighted the interaction between different variables and identified those that are likely to have played a particularly important role.

Chapter six consisted of geo-demographic analysis of the private rented sector. I used this approach to identify seven niches operating at ward level in Birmingham. There was clear evidence that the private rented sector was highly diverse in relation to stock, households and spatial distribution. Niches which did not fall within the 'priced out' explanation (e.g. Students Around Campus, Housing Benefit Dominant) played a major role in the private rented sector within the city and the growth in the preceding decade. My niche typology provides a clearer indication of the diversity within the private rented sector, the relative growth of different niches and the differential impact of drivers across the city. It once again highlights the inadequacy of the 'priced out' thesis in explaining the growth of private renting.

I then moved on to use qualitative analysis based on Political Discourse Analysis to investigate political drivers in chapter seven. This highlighted a consensus in the political discourse relating to private renting during the New Labour period which supported the growth of the private rented sector. The overall policy approach at a national level during the New Labour and Coalition governments emphasised minimum intervention in the tenure. However, there were specific policies which supported some niches (e.g. City Centre Flats) with substantial government subsidies. In contrast, other policies sought to reform

niches such as Housing Benefit and students. Different approaches to niches are still in keeping with the wider aims for the private rented sector. The overall role for private renting is that it is meant to support the growth of owner occupation by providing flexibility within the housing system and promoting labour market mobility. There is clear evidence that political drivers played a variety of roles in shaping the growth of private renting at both a national and local level.

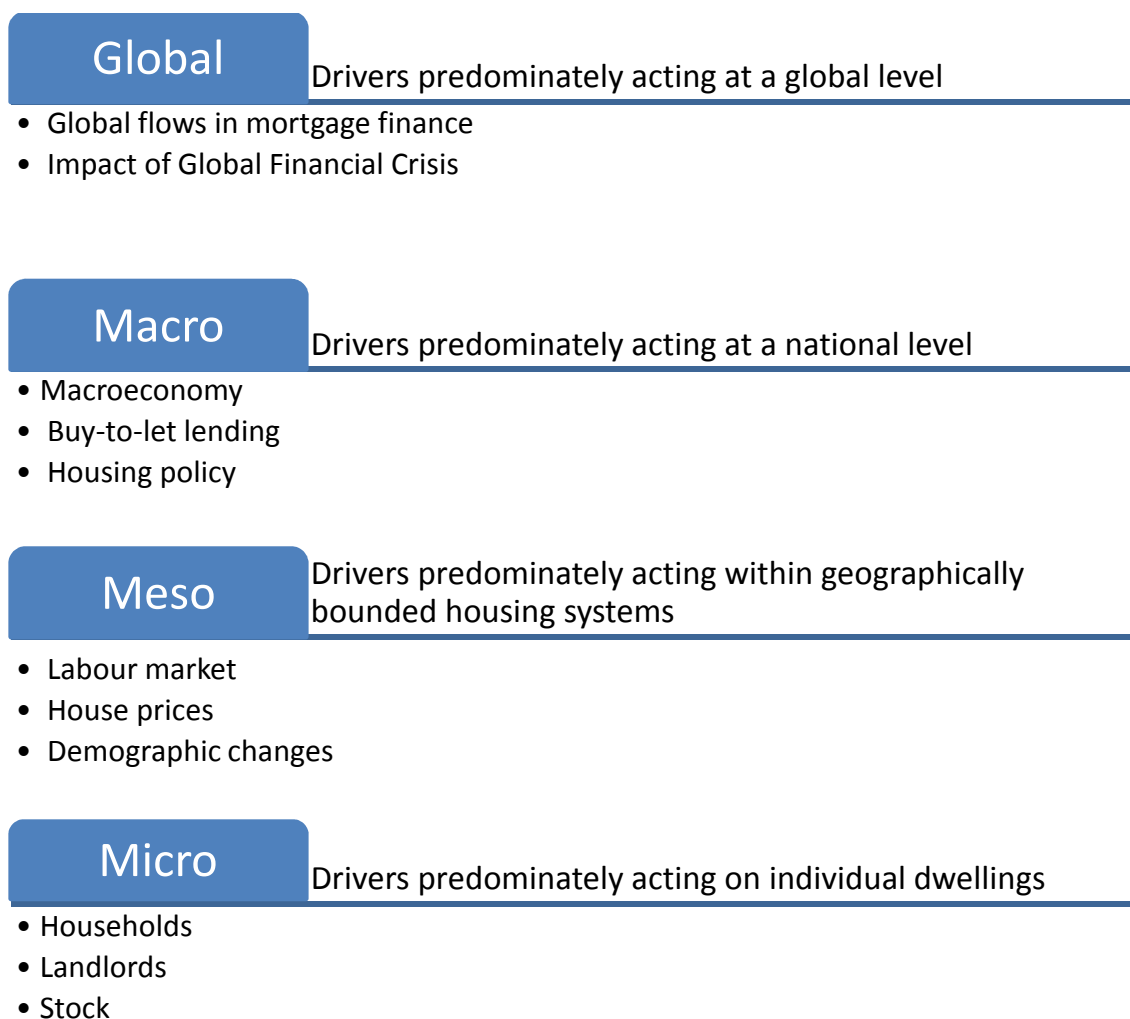
In this chapter I will return to the overall research question for the thesis. I will seek to assess how the research findings inform understanding of the overall research question. This highlights the empirical and policy contribution of the thesis. Section 8.2 assesses the extent to which different drivers can account for the growth of private renting. I then go on to reassess the status of 'generation rent' as a housing problem and interrelationships with ideologies of homeownership in section 8.3. This leads on to consideration of the research findings in relation to the wider implications of the growth of private renting. It includes discussion of policy and practice in Birmingham as well as tenure change across other national housing systems. In chapter nine I will assess the wider implications of the thesis in relation to methods, theory and future research agendas.

## **8.2 Summary of factors contributing to the growth of private renting**

### **8.2.1. Key findings**

This thesis has sought to investigate the extent to which popular accounts can explain the drivers for the rapid growth of private renting. In order to investigate this question I developed a four level analytical framework (see Figure 47). I will review my research findings by assessing them against this analytical framework. The lowest level of the analytical framework was micro and related to specific private rented dwellings. These were described as consisting of a household, landlord and unit of housing stock. My analysis in chapter seven sought to investigate the configuration of micro units into niches. Each niche was described as a distinctive configuration of tenants, landlords and stock within the private rented sector. Due to data availability the niche analysis focused on wards within Birmingham as the lowest level of analysis. The findings from the research chapters and wider literature suggest that there were notable differences in the drivers for the growth of these niches. Three niches in Birmingham were found to be highly distinct in terms of their spatial, demographic and stock characteristics. These were City Centre Flats, Students Around Campus and Housing Benefit Dominant.

Figure 47: Levels of analysis for drivers of private renting from chapter four

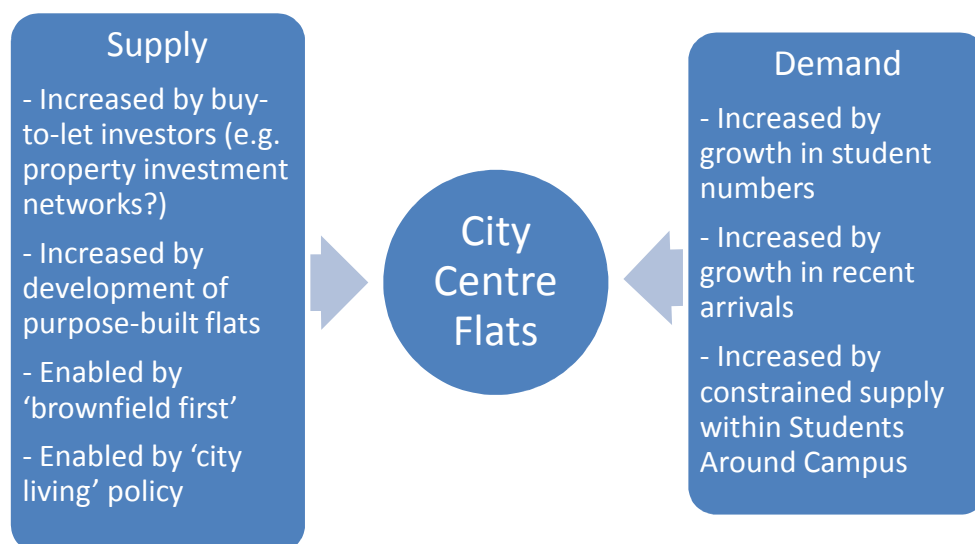


Key drivers for the growth of City Centre Flats can be seen in Figure 48. The key drivers for the growth of this niche included a range of economic, demographic and policy changes. Demand for this type of accommodation increased due to demographic changes such as the growth of number of students and recent arrivals. This demand has been met by the development of purpose-built flats. These are likely to have been financed largely by buy-to-let investors. There is some evidence from the national literature that this type of accommodation was particularly attractive to the types of investors using



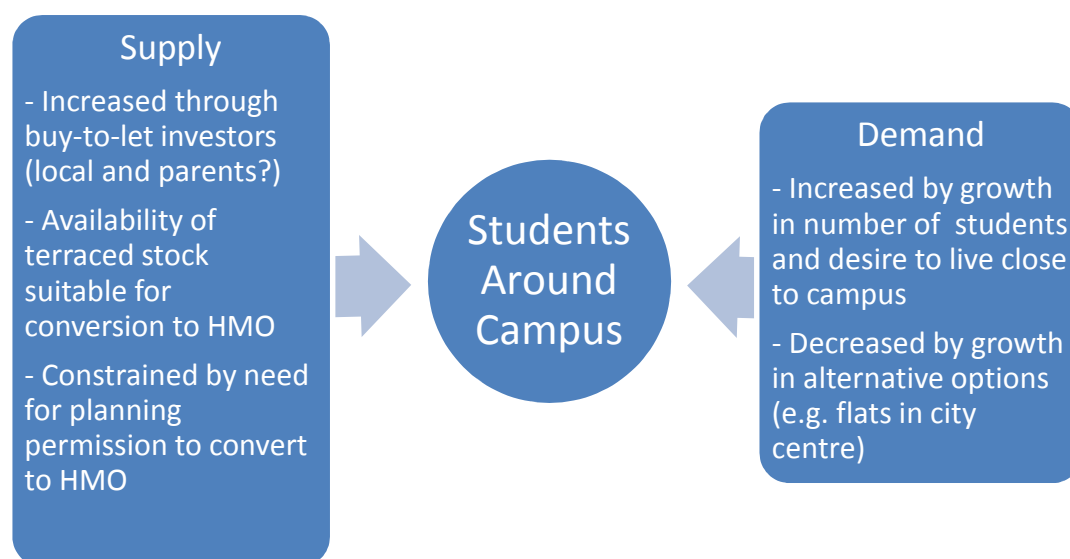
property investment networks to look for opportunities outside of their local area (e.g. Gibb & Nygaard, 2005). Different policies have actively supported the development of this type of accommodation. These include national and local planning policies which promoted 'brownfield first' development. Local policies sought to regenerate areas close to the city centre as a key part of the wider economic strategy for Birmingham. Changes in other niches are also likely to have supported demand in City Centre Flats. For example, the city council have actively sought to constrain the development of Homes of Multiple Occupation for students in Selly Oak which is likely to have transferred demand to City Centre Flats. The City Centre Flats niche accounts for around 14% of the growth of private renting in Birmingham at ward level. There is also evidence of particularly rapid growth around Brindleyplace in the city centre. This small area accounts for 6% of the growth of the private rented sector in the city.

*Figure 48: Key drivers for City Centre Flats Niche in Birmingham*



This leads on to consideration of the drivers for the Students Around Campus niche (see Figure 49). Growth in this niche was driven by demand from higher numbers of students at the University of Birmingham who prioritised living locally as a key factor in accommodation choices (e.g. National Union of Students, 2014). This demand created an opportunity for investors to convert local terraced stock into Homes of Multiple Occupation. There is evidence that these investors included a range of local people and parents of students (e.g. Gibb & Nygaard, 2005). However, this niche grew less quickly than others in the city which is likely to be due to the planning constraints imposed on the tenure by Birmingham City Council. At the same time, the development of purpose-built flats, particularly in the city centre, provided an alternative source of accommodation for students. The Student Around Campus niche accounted for around 3% of the growth in private renting between 2001 and 2011. However, students are likely to account for closer to 10% of the growth of the tenure in Birmingham. This highlights the differentiation in accommodation for students during this period.

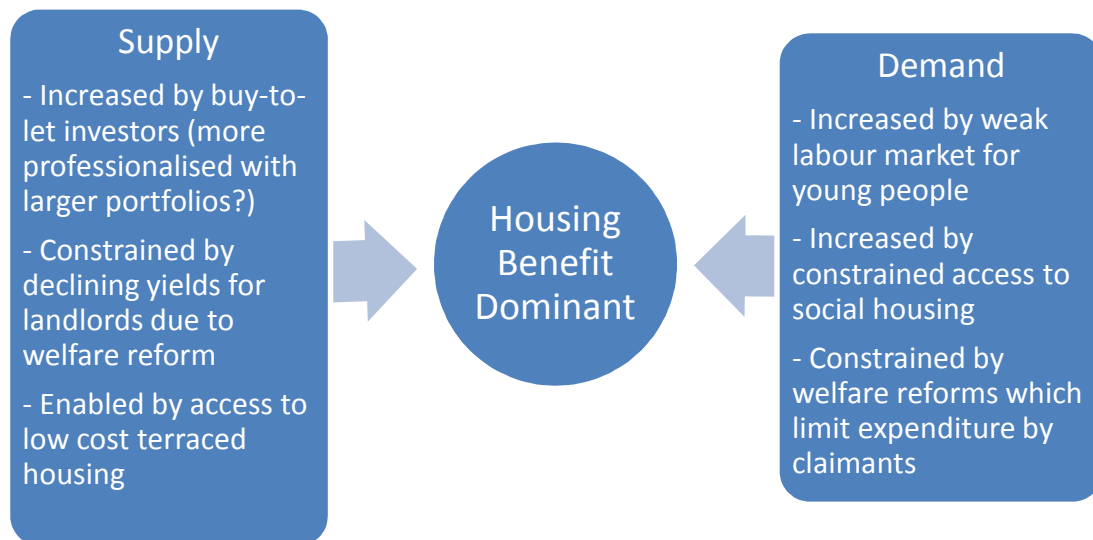
*Figure 49: Key drivers for Students Around Campus Niche in Birmingham*



The third spatially distinct niche in Birmingham was Housing Benefit Dominant and the drivers are outlined in Figure 50. Younger households were over-represented in this niche and included a mixture of both out-of-work and low-income workers. Many of these households might have expected to find accommodation within social housing in previous decades. Constrained access to social housing meant that this was no longer an option resulting in increased effective demand for private renting amongst this group. A weak labour market, particularly for young people since the Global Financial Crisis, is likely to have increased the number of this type of household. Part of the demand for Housing Benefit accommodation has been met by the provision of low cost terraced housing to the East of the city centre. There is some evidence that landlords operating in this niche are likely to be more professionalised and have larger portfolios (e.g. CRESR, 2014). Demand in this niche is likely to have been

constrained by welfare reforms which have sought to limit consumption by households claiming Housing Benefit. This might explain why this niche grew at a slower rate than the average across the city. The Housing Benefit Dominant niche accounts for around 4% of the growth at ward level. Focusing only on the Housing Benefit Dominant niche underplays the role of Housing Benefit more broadly. This niche only represents wards where Housing Benefit dominates the private rented sector. More generally, the chapter highlighted the important role that Housing Benefit has played in the growth of demand for private renting. I estimate that between 40 to 55% of the growth of the private rented sector in Birmingham between 2001 and 2011 can be attributed to households claiming Housing Benefit.

*Figure 50: Key drivers for Housing Benefit Dominant Niche in Birmingham*



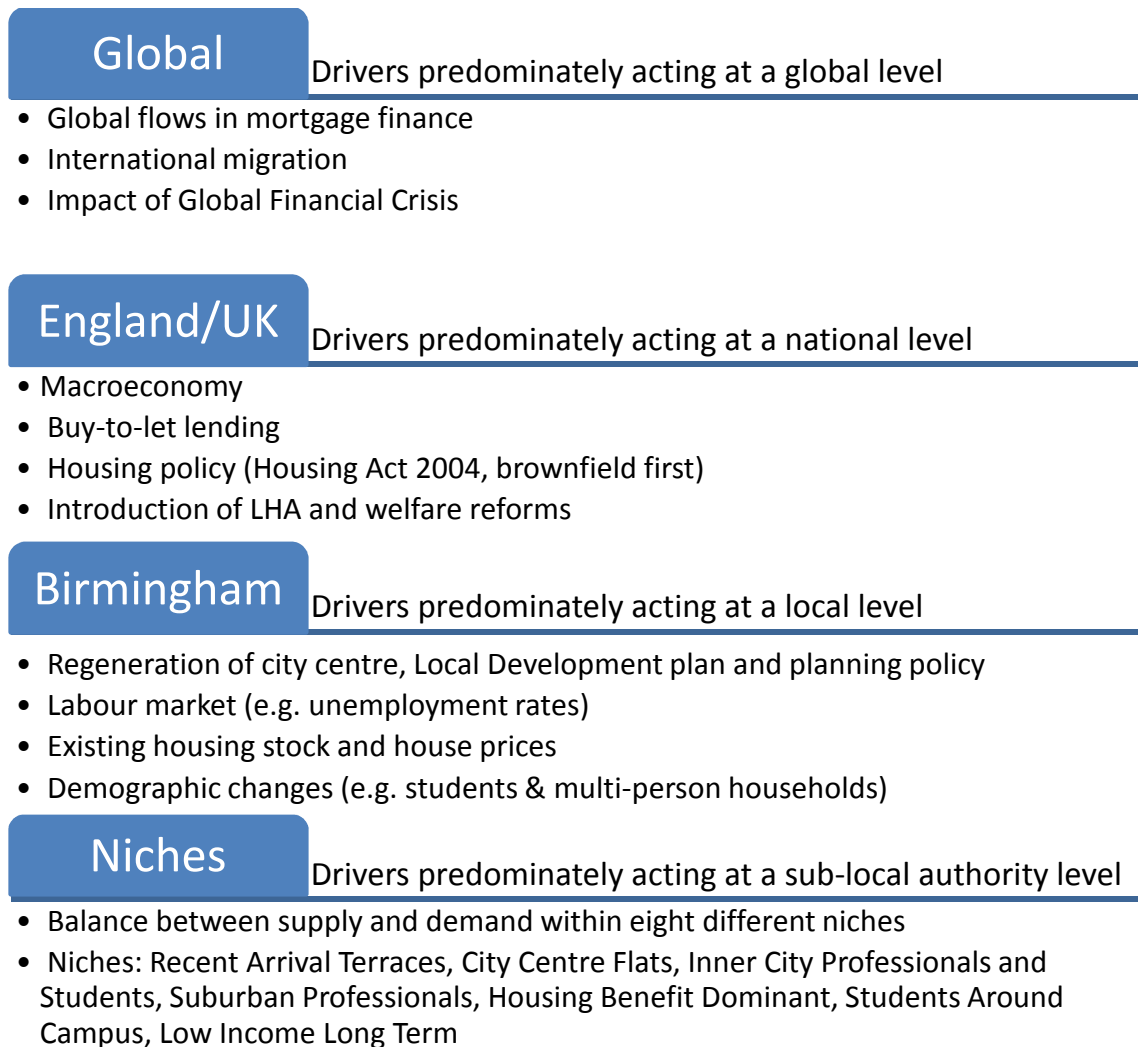
These three niches are the most spatially defined and easiest to identify in the city. This relates to stock, households and landlords within private renting. The three niches provide a good example of the research findings at this level.

There is clear spatial differentiation within the private rented sector in Birmingham and this has important implications for the growth of the tenure. This growth was not uniform across different niches but demonstrated distinct patterns. The drivers of growth across these niches are different. A range of economic, demographic and political drivers have interacted to create the patterns in the private rented sector which can be observed in the city. This leads on to the next level in my analytical framework which consisted of geographically bounded housing fields. Birmingham has provided a case study of one such meso-level area and the key drivers for the city are outlined in Figure 51.

The Birmingham case study provides the best opportunity to assess the impact of drivers acting at different levels. In its simplest form the growth of the private rented sector in Birmingham consists of the sum of changes in the different niches within the tenure. However, these niches are responding to a range of drivers operating at a local, national and global level. At a local level, different policies delivered by the city council shape and constrain the different niches. Other city level characteristics such as the labour market and existing housing stock are key drivers for changes in the niches. Demographic change affects the balance between supply and demand across the whole housing field in the city. In addition, a series of drivers operating predominantly at a national level affect the meso-level field of the private rented sector in Birmingham. These

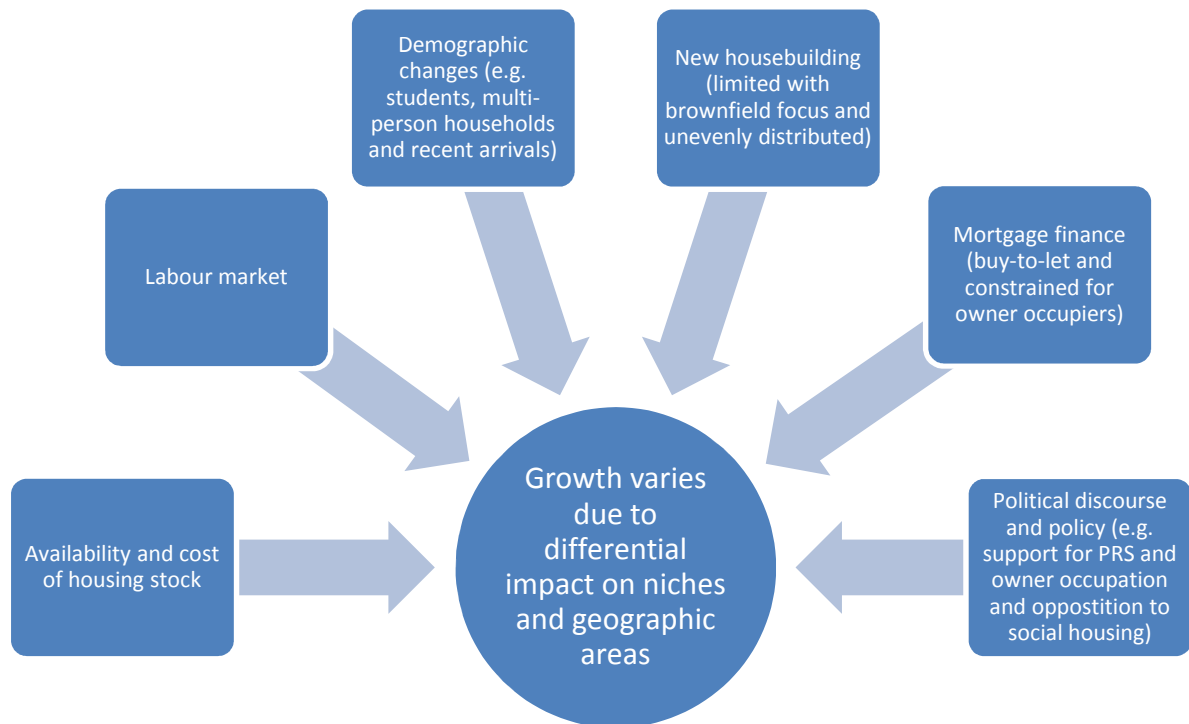
include Westminster government policies and changes in the national mortgage market, particularly the development of buy-to-let mortgage lending and the taxation regime which supports it. A final group of drivers operate predominantly at a global level and impact upon all the other levels. For example, the Global Financial Crisis impacted upon mortgage markets and migratory flows.

*Figure 51: Key drivers for growth of private renting in Birmingham*



Key drivers for the growth of private renting within England can be seen in Figure 52. A simple explanation of the 'priced out' thesis is that high house prices have transferred effective demand from owner occupation to private renting. The six key drivers presented here form a much more nuanced account of the rapid growth of the private rented sector. My research findings suggest that house prices are unlikely to have been a key driver. Instead, house prices appear to act as a proxy to measure the availability and cost of housing stock. Availability and costs were not determined by house prices but by a combination of other key drivers. The first of these key drivers was the labour market. This affected overall demand for accommodation, unemployment rates and effective demand (through incomes). Demographic changes appear to play an important role in the variation of demand for private rented accommodation. Students, recent arrivals and multi-person households appear to act as indicators of these demographic changes. The overall volume of housebuilding was a key driver and this included both the types of accommodation being built (e.g. purpose-built flats) and the location of this new development. Mortgage finance has been a key driver in terms of mediating access to housing stock. Changes in mortgage finance have impacted on supply of private renting through buy-to-let lending and effective demand through constraints on access to owner occupation. Finally, both political discourses and policy changes have been key drivers of the growth of private renting in England by providing an enabling context. In addition, they have had a differential impact on niches and helped to shape the nature of the growth.

*Figure 52: Key drivers for growth of private renting in England*



### **8.2.2 Overview of different drivers**

When viewed together my findings provide a more comprehensive account of the drivers for the growth of the private rented sector. Popular discussions of the growth of private renting present an account of a largely homogeneous tenure which has increased due to affordability problems and high house prices in particular. Academic explanations challenge the ‘generation rent’ account by highlighting a much wider range of drivers (particularly landlords), the diversity within the tenure and the role of wider factors which shaped all tenures (such as the ideology of homeownership). My research findings go further in challenging the ‘generation rent’ description of the growth of private renting and the ‘priced out’ thesis as its primary driver. The findings also provide evidence to address three key limitations with current academic analysis of this trend.



In summary, my research findings add to knowledge of the research question in four key ways. The first key finding from my research is that it provides a more detailed account of the diversity within private renting. The private rented sector is highly diverse both geographically and in terms of the niches which operate within it. This tenure has grown across England but that growth has not been uniform – either at a local authority or ward level. Different private rental niches play a range of roles in the wider housing system and explanations of the drivers for the growth of private renting must account for this diversity. My findings describe the underlying processes which have led to the diversity within the private rented sector. This second key finding was that niches have grown at different rates. Each niche has been subject to a different combination of drivers. The interaction between these drivers accounts for the rate of growth within the niche. Niches which do not easily fit in the ‘generation rent’ narrative (e.g. Housing Benefit Dominant, Students Around Campus) have played a major role in the overall growth of private renting in Birmingham. My findings emphasise the role of drivers that are largely absent from popular accounts and underrepresented in academic accounts. The role of Housing Benefit claimants in the growth of private renting is possibly the most important example.

A third key finding relates to a more detailed understanding of the role of specific drivers. My findings provide a more detailed account of specific drivers, particularly housing policy, in supporting and enabling the rapid growth of private renting at both a national and local level. For example, the policies of Birmingham City Council have helped to constrain or support the growth of different niches across the city. Finally, my research provides evidence on the

interaction between drivers and highlights some which are likely to have played a particularly important role. This is brought together by the analytical framework. My framework provides a basis to explain how different drivers have contributed towards the growth of private renting. The levels of analysis explain how the combination of different drivers led to the diversity in the growth of private renting, both in terms of niches and spatial variation. A range of drivers have acted at different levels ranging from the global through to individual households. These drivers have had differential impacts across niches and geographic areas. For example, government policies at both a national and local have shaped the private rented sector.

In particular, the research findings address three key gaps in the existing academic literature. These are the interaction between drivers, diversity with the private rented sector and understanding of housing policy as a driver. My analysis has also sought to assess the interactions between different types of drivers. The development of a clearer representation of the niches which are operating within private renting helps to explain its diversity and patterns of differential growth. I have also assessed how political policies and discourses have interacted with socio-economic drivers. My research findings challenge overly simplistic popular accounts of the growth of private renting. This growth is clearly a complex, multifaceted process which includes a wide range of different drivers. My findings clarify this complexity by highlighting the interaction between the levels at which drivers operate and variation within the tenure. It is not possible to provide one simple account of the growth of the private rented sector. Instead the overall growth of private renting in England is the sum of

different niches operating across different housing markets. Drivers had a differential impact across niches and places depending on the level at which they operated. In particular, the growth of different niches depends on the interaction between labour markets, demographic change and the availability of housing stock. The particular combination of these drivers creates different types of niches growing at different rates across housing markets. These niches are also shaped by a range of political drivers which support or constrain different their growth.

It is interesting to note that my updated understanding of the drivers underpinning the growth of private renting has parallels with description of its earlier decline. Allen and McDowell suggested that “the process of decline has been neither uniform nor random, but rather one of structured unevenness, depending upon the interaction of a particular set of national changes and local circumstances within different areas at one point of time” (1989, p.13). The description of “structured unevenness” is relevant to recent growth of private renting. It captures the process whereby different drivers have varied spatial and temporal impacts. This results in the type of geographic variation and niche diversity which continue to characterise the private rented sector.

Discussion of the historic decline of private renting can also highlight the remaining relevance of the ‘priced out’ thesis. Kemp suggests that, during the decline of private renting, housing finance acted as a “nexus of factors”. It incorporated “the ways in which housing has been taxed, subsidised and priced” (2004, p.35). In a comparable way, house prices may be useful in understanding the combined impact of a range of different drivers such as the

labour market, demographic change and housing policy. This does not mean that house prices are the key driver of change, merely a useful tool to help understand it. My findings build on the early analysis of the decline of private renting. They move towards a more comprehensive understanding of the drivers for this growth and the interaction between them. The limitations of the research and future directions are discussed in chapter nine. The next section revisits the construction of 'generation rent' as a housing problem in the light of the research findings.

## **8.3 Additional contributions from the research findings**

### **8.3.1 The construction of private renting as a housing problem**

In the first chapter I noted that the 'priced out' thesis could be acting to support the construction of 'generation rent' by providing a plausible account of the causes of this housing problem. My research findings reinforce the view that 'generation rent' and the 'priced out' thesis are deeply flawed. At best they provide only a partial description of the rapid growth of private renting and its main drivers. The research findings are also relevant to the construction of 'generation rent' as a housing problem. Evidence from the research findings suggests there has been a relatively high level of consensus in the field of private renting at a national level. This was reflected in the New Labour consensus on political discourses on the private rented sector. There is little evidence of a sustained challenge to the underlying logic of the dominant discourse. The underlying logic is that the growth of private renting is a desirable component of the main aim of increasing owner occupation. Even

political opposition did not challenge the assumptions which governed the field of private renting. The consensus underpinning private renting at a national level in England appears to reflect the ideology of homeownership. It appears that “the advancement of home ownership has been largely considered ‘natural’, or at least has been constituted as natural in public and academic discourse” (Ronald, 2008, p.1). ‘Generation rent’ is therefore perceived to be problematic as it represents a failure of the ‘natural’ advancement of home ownership.

It has been noted that “owner occupied tenure levels have principally increased in most societies during specific periods of deep government subsidy and policy stimulation” (Ronald, 2008, p.1). The government has responded to the perception that households have been ‘priced out’. Since 2010, there has been a move to address this perceived problem by developing increasingly ambitious policy solutions. In 2011, the Coalition government outlined “95 per cent loan to value mortgages for new build properties in England, backed by a housebuilder indemnity fund” (HM Government, 2011). This was followed by the announcement of a “revamped” right-to-buy for local authority tenants in 2012 (Cameron & Shapps, 2012). Help-to-buy was announced in the 2013 budget and consisted of mortgage guarantees and equity loans to support access to owner occupation (HM Treasury, 2013). The scale of the help-to-buy scheme was increased at the 2014 budget (HM Treasury, 2014). In their 2015 election manifesto, the Conservative party promised to extend help-to-buy, develop ISAs to support saving for a deposit and further develop the right-to-buy (The Conservative Party, 2015). These proposals would include housing association

tenants within right-to-buy for the first time. When viewed together these policies represented a serious and sustained attempt by government to support the expansion of owner occupation. The role of the private rented sector was to support these attempts to promote owner occupation by providing flexible accommodation and enabling labour market mobility.

These policy responses are based on the assumption that the growth of 'generation rent' is primarily driven by households who are 'priced out' of owner occupation. My research findings challenge this account of the growth of private renting. This means that the findings also challenge the policy responses which were designed to address this 'problem'. The research findings suggest that the policy solutions proposed by government are based on a flawed understanding of the nature of tenure change. In addition, the policy solutions proposed by a range of claimsmakers highlighted in chapter one are also based on this flawed understanding. These included the Halifax Bank, the National Housing Federation and pressure groups such as Priced Out. The claimsmakers fail to challenge the ideology of homeownership which underpins popular discussion of the role of private renting. Claimsmakers need to critically engage with ideology of home ownership if they wish to respond to the reality of tenure change rather than its construction as a housing problem. A different understanding of the growth of private renting as a 'social problem' is likely to lead to different policy solutions. Schemes such as help-to-buy and right-to-buy are designed to support access to owner occupation. They do little to address wider problems such as the polarisation of wealth and provision of accommodation for low income households. This leads on to consideration of

the impact of the research findings on the importance of the growth of private renting.

### **8.3.2 The importance of the growth of private renting**

In this section I move on to consider the importance of the growth of private renting by reflecting on the research findings. This builds on chapter two where I argued that 'generation rent' accounts underestimate the significance of the growth of private renting by focusing on those who are 'priced out'. I highlighted two particular areas where the growth of private renting may have had a profound impact on society. These were the polarisation of wealth and provision of accommodation for low income households. In particular, the diversity of the private rented sector is relevant to both of these areas. It appears that the spatial variation is relevant to the polarisation of wealth whilst the niche variation is relevant to accommodation of low income households.

My research findings support the suggestion that wealth is playing a more complex role in the process of tenure change than the 'priced out' thesis usually suggests. Housing wealth appears to playing a crucial role in creating a division between owner occupiers and renters. This leads to the situation where "a fundamental divide is emerging between those inside and outside the tenure, and between different groups of homeowners who entered the market at different points in the market cycle, with subsequent disparities in capital gains" (Ronald, 2008, p.250). The role of small scale landlords has exacerbated this trend and led to the emergence of a "new private landlord class" (ibid). This represents a profound change and has created:

“an era when owner occupation is not only the main source of wealth accumulation for the majority of people but also the key factor in determining access to credit and local advantage, to be excluded from that market is more disadvantaging today than at any time in the past” (Malpass, 2005, p.8).

This process of local and national advantage relates to my research findings. The local variation in the growth of private renting and house prices are likely to have added another layer to the polarisation of wealth.

Chapter five highlighted an association between incomes and house prices at a local authority level. This association may indicate that the polarisation of wealth is limiting access to labour markets with higher average incomes. It appears that households seeking to access areas with higher incomes face higher housing costs and are unlikely to be able to become owner occupiers unless they can access considerable wealth. Spatial polarisation of wealth is also occurring within cities. This is supported by the existence of areas where particular tenure types dominate. For example, almost all of the new-build apartments around Brindleyplace are accommodating private renters. In these areas it will be landlords rather than the renters who hold the housing wealth. The spatial distribution of niches is likely to be matched by an equivalent distribution of housing wealth – both across England and within particular housing markets.

This polarisation of wealth also highlights the limits of an asset-based approach to welfare. It has already been noted that the potential of asset-based welfare approaches depend on a variety of factors which vary across different national



systems (Doling & Ronald, 2010). These include the types of financial products available, interactions with labour markets and the overall amount of housing wealth within the housing system. Experience from countries in South East Asia suggests that “home ownership appears best to support welfare needs during those periods when there is least strain on other welfare systems” (Ronald & Doling, 2012, p.957). However, this approach is less effective when there is increased strain on welfare services due to economic recessions or high unemployment. The long-term impact of asset-based welfare may be detrimental to the wider housing system. It has been argued that “an emergent feature of asset-based welfare systems is the divide between different generations of home buyers whose relative market advantage can disadvantage those who follow” (Doling & Ronald, 2010, p.172). My research findings highlight the likely spatial variation within the wealth distribution of England. This can be added to the list of potential difficulties with asset based approaches to social security. If some areas of England have low levels of housing assets then their local social security systems are likely to be put under greater strain. In contrast, areas with higher levels of assets may be better able to support social security systems.

Finally, a more fundamental critique of asset-based welfare relates to those who do not have access to housing wealth. How can households with no assets provide for their welfare needs? This leads on to discussion of accommodation for households with low incomes. Changes in the accommodation available to this group have been described as “Britain’s biggest privatisation by far” (Meek, 2014):

“First, the government sold people homes it owned at a huge discount. Then it allowed the original buyers to keep the profit when they sold those homes to a private landlord at market price... Then it paid those artificially high rents to the same private landlords in the form of housing benefit – many times higher than the housing benefit it would have paid had the houses remained in council hands... Thatcher and her successors have done all they can to sell off the nation’s bricks and mortar, only to be forced to rent it back, at inflated prices, from the people they sold it to” (Meek, 2014).

Meek argues that this process of privatisation has fundamentally changed the accommodation which is available to people on low incomes. This leads to major concerns about the future accommodation options available for low income households. If they “have no housing wealth how are they to secure their future in the context of further state retrenchment?” (McKee, 2012, p.859).

Ronald and Elsinga (2012) suggest that these trends are not unique to England. They note that governments have increasingly chosen to support home ownership whilst reassessing the role of social renting. Prior to the Global Financial Crisis this process may have been considered to be successful. However, the ongoing impact of the Global Financial crisis on asset prices and welfare systems presents a profound challenge to this type of approach. Taken together, this suggests that the rapid growth of private renting in England represents an important social issue. The historic shifts within the tenure structure of the English housing system have implications at both a global and local level. These are discussed in the following sections.

### **8.3.3 Policy and practice in Birmingham**

My research has used Birmingham as a case study to investigate the drivers for the growth of private renting. The findings are relevant to the role of the local authority in responding to changes in the private rented sector. This includes differentiation between niches, planning policy and regulation of the tenure. In chapter six I highlighted Birmingham City Council's niche analysis of the private rented sector. This was undertaken by analysts at the local authority in order to inform a range of policies including planning policy and regulation of the private renting. My niche analysis extends the analysis undertaken by the local authority and may prove to be useful to them. Understanding the diversity within the private rented sector could act as a basis for responding to the growth of the tenure. This might have uses across a range of policy areas including regeneration, empty homes, social lettings agencies and Housing Benefit.

For example, in 2015 the local authority was seeking to identify additional sites to meet housing need. This included the sites for 80,000 new homes by 2031 (Elkes, 2015). The scale of this increase in new building led to reconsideration of planning permission on greenbelt land. Considerable levels of new development were proposed to the north of the city. Chapter seven highlighted the inter-relationship between brownfield planning policies and the growth of particular niches within the private rented sector. Brownfield policies were one driver of the growth of new-build apartments with very high densities of private renting. These new developments had not created the mixed tenure communities envisaged by planning policy. Changes to planning policy may lead to a different mix of housing tenures in new housing supply. My findings

could help to inform discussion of the likely tenure balance within new developments.

In February 2015, Birmingham City Council outlined plans to increase regulation of the private rented sector (Birmingham City Council, 2015). They outlined proposals for additional licensing designed to tackle three perceived problems with private renting in the city. These were hostels, student accommodation in Selly Oak and anti-social behaviour in Stockland Green. In addition, there was a desire to identify other areas where licensing might be required. My findings provide a strong evidence base on which to consider the possibility of additional licensing. I have highlighted a range of different niches operating within the city and their spatial location. This should prove beneficial in identifying areas which may need increased attention from the local authority and, potentially, additional licensing. More generally, this thesis highlights the benefits of partnership working. Birmingham City Councils has supported me by providing data that is not publicly available. In turn, I have provided a source of external analysis which can inform and challenge development of policy.

#### **8.3.4 Research findings and global context**

Global trends within housing tenure are also informed by my research findings. Owner occupation has been promoted by a wide range of different types of government in very different contexts. “What is common across societies, despite the inequalities and frustrations created by the market, is an overwhelming commitment to home ownership which runs through the fabric of society” (Ronald, 2008, p.5). Ideological support for owner occupation is not limited to the English speaking world. This suggests that discussion of the

relationship between ideologies of home ownership and tenure change in this thesis could be of relevance in a wide variety of contexts.

The commonalities between national systems mean that the growth of the private rented sector in England also becomes a useful example in other areas. It demonstrates the ways “in which housing is increasingly constituted as a private-market good rather than a social-merit good” (Ronald, 2008, p.12). Changes in England highlight the “individualization of risk, choice and economic gain in the housing market” (Ronald, 2008, p.22). More specifically, the growth of the private rented sector in England may point to the limits of government intervention to support tenure change. There is evidence that England represents one instance of “homeowner societies which seem to have been destabilized and socially polarised by their over dependency on housing markets” (Ronald, 2008, p.239). The close interconnection between tenure, welfare states and the life course of individuals places a major strain on government policy. “How governments deal with housing will thus become more central to the evolutions of welfare systems and patterns of social development” (Ronald, 2008, p.239).

Detailed understanding of other national housing systems is also likely to help to understand how tenure change in England might develop going forwards. In their discussion of ‘mature home owner societies’ such as Japan and Britain, Forrest and Hirayama argue that:

“new fault lines and fractures have emerged in post-crisis home ownership systems and the way in which a more vigorous, financialised

private landlordism has emerged from the debris of the subprime meltdown. A key argument is that in a new and more intensified process of housing commodification, the social project promise of home ownership for a previous generation has shifted to a promise of private landlordism for current generations” (Forrest & Hirayama, 2015, p.233).

They argue that this has led to a generational shift in housing opportunities across these countries. The results is that “it is evident that not only Japan but also many other homeowner societies in the West and East Asian region are developing generational fractures in housing opportunities” (Hirayama, 2012, p.191).

There is a clear possibility that these tenure changes will continue. It has been argued that:

“the collapse of mortgage lending after 2007 is a clear illustration of the dependence of the UK mortgage market on accessing credit from international wholesale markets. In turn, the global economy is increasingly vulnerable to shifts in housing asset values” (Kennett, Forrest & Marsh, 2012, p.3).

The global drivers of the growth of private renting do not appear changing. Tenure changes experienced thus far in England are clearly part of wider, global processes. This suggests that the growth of private renting analysed in this thesis may represent the first decade of a long term trend. If that is the case then the implications for wealth, welfare and the accommodation of low income households are likely to increase over time.

## 8.4 Summary of chapter eight

This chapter draws the research findings together to assess which factors account for the rapid growth of private renting in England and how these factors interacted to produce this outcome. My research findings develop the existing academic literature to suggest that the 'priced out' thesis provides, at best, a limited explanation of the rapid growth of private renting. These findings address key limitations with current academic explanations by outlining a more nuanced account which emphasises diversity within the tenure and geographic differentiation. Different drivers are clearly operating at the four levels highlighted in the analytical framework (global, national, meso and sub-meso). The combination of drivers acting at different levels accounts for the spatial and niche variation. Taken together, this variation underpins the growth of private renting in England. For example, the different niches in Birmingham had different key drivers acting to constrain or support growth.

These research findings are also relevant to wider discussions about the construction of housing problems, the implications of the growth of private renting and both the local and global context. 'Generation rent' accounts underpin many of the key housing policies in England. Challenging the 'generation rent' account also challenges the rationale for policies such as help-to-buy and the right-to-buy. My findings confirm and extend the importance of the growth of the private rented sector in relation to the polarisation of wealth, asset-based welfare and the accommodation of low-income households. The findings also have implications for policy and practice at local authority level. This includes planning policy and the regulation of the private rented sector.

Finally, the research findings highlight the importance of the English system as an example of wider global trends. Reflecting on these trends suggests that the growth of private renting is likely to remain an important topic for the foreseeable future.



# CHAPTER NINE - CONCLUSIONS: WIDER IMPLICATIONS OF THE GROWTH OF PRIVATE RENTING IN ENGLAND

## **9.1 Wider contribution of the thesis**

In this final chapter I consider the wider implications of the research presented in the previous eight chapters. The previous chapter highlighted the empirical and policy contributions of the thesis. This final chapter moves on to discuss the overall contribution of the thesis and the implications for both theory and methods. I begin by assessing the wider contribution of the thesis in the remainder of the current section (9.1). My research has implications for the understanding of how tenure change occurs and section 9.2 provides a discussion of these implications. It is also important to review the approach adopted in this thesis to assess the limitations of the research. The methodological approach is reviewed in section 9.3 and this leads on to an assessment of the research findings in section 9.4. Discussion of both the contribution of the thesis and its limitations highlights a number of areas where additional research would be beneficial. Section 9.5 outlines some potential options for further research which would develop the findings of this thesis. A final summary of the thesis is provided in section 9.6.

This thesis helps to develop understanding of the rapid growth of private renting in seven key areas. First of all, the thesis adds to understanding about the drivers for the rapid growth of private renting in England. My focus on niches and geographic differentiation provides a means of explaining the structured unevenness in this growth. My findings clarify this complexity by highlighting the interaction between the levels at which drivers operate and variation within the tenure. The overall growth of private renting in England is the sum of different niches operating across different housing markets. In particular, the interaction between labour markets, demographic change and the availability of housing stock has been crucial in shaping the differential growth of niches. My second key contribution relates to the development of theoretical frameworks. The theoretical frameworks which are used to explain the decline of private renting provide a basis for understanding recent growth. For example, the notion of 'structured unevenness' described by Allen and McDowell (1989) is useful in understanding the impact of drivers on different niches and geographies. The realist approach adopted by these authors was updated by consideration of more recent theoretical developments, particularly within critical realism. A new analytical framework has been developed which helps to clarify the relationship between different drivers within the process of tenure change. The originality lies in applying realist frameworks to a new area of research.

This leads on to the third key area which is the connection between the decline of the private rented sector and recent growth. The thesis provides a connection between the considerable academic literature regarding the previous long-term decline of private renting in England and the emerging literature concerning the

subsequent rapid growth of the tenure. This highlights the continuities and discontinuities which exist between these periods of time. The fourth key area of development is the analysis of the prevalence and popularity of 'generation rent' and the 'priced out' thesis. It is apparent that these explanations are not neutral descriptions of a social phenomenon but active constructions of a housing problem. This understanding challenges policy oriented research into the growth of private renting which often runs the risk of epistemic drift. Academic literature which critically engages with the construction of these housing problems is still developing. My research supports the development of this emerging literature. A fifth area of development relates to the impact on policy. 'Generation rent' accounts which focus on the 'priced out' thesis are used to underpin a particular set of policy responses. Alternative accounts of tenure change provide different understandings of the potential problems with the growth of private renting and are likely to lead to a different set of potential policy solutions. In addition, the findings are relevant to policy and practice at a local level. One example would be the regulation of the private rented sector by local authorities.

A sixth area of development relates to the importance of the growth of the private rented sector. My research findings reinforce and develop the academic literature which highlights the wider significance of this change in society. The rapid growth of private renting is having a profound impact on the distribution of wealth, the operation of welfare systems and the provision of accommodation for low income households. Finally, my updated account suggests that the growth of private renting in England is relevant for, and related to, tenure

change in other national systems. My analysis of the growth of the private rented sector in England should be of benefit to researchers seeking to understand the commonalities and differences in the process of tenure change across national housing systems. These seven key areas provide evidence that the thesis has made an original contribution to knowledge regarding this important topic. This thesis also has implications for explaining how tenure change occurs which are discussed in the next section.

## **9.2 Implications for how tenure change occurs**

I reviewed a range of different theoretical positions to try and explain the process of tenure change. In section 3.1 I highlighted theories which focused on the role of social struggle, systems and institutions. Weberian accounts from both Sprigings (2013) and Rex and Moore (1967) emphasised conflict between interest groups who have differential access to resources. My research findings do identify groups of agents who have different interests and access to resources. For example, Housing Benefit claimants and students are two groups of tenants within the city who have different interests and resources. However, it would be an oversimplification to state that these groups are in direct conflict. The allocation and distribution of resources across the city appears to be more nuanced and complex than this. One benefit from the emphasis on social struggle is the focus on scarce resources – particularly at the lower cost end of the private rented sector. If the availability of low cost accommodation continues to decline then the interests of different groups seeking to access this resource may become more adversarial. Another benefit

from this approach was the focus on the social status of different actors. This included the 'pariah' status of landlords and the racism faced by recent migrants. My research findings suggest that an updated analysis of the social status of different actors in the private rented sector would be useful.

A second group of theoretical explanations focused on systems. For example, Stephens (2011) outlined a system-embedded approach to comparative analysis. There are many similarities between this kind of approach and my analytical framework. They describe nested systems acting from a global to local level. However, I would argue that the realist approach of highlighting mechanisms acting in context provides a clearer description of the role of different drivers. One of the other benefits of systems approaches is the ability to incorporate non-human actors. This is supported by my research findings which suggest that housing stock plays an important role in mediating the relationship between tenants and landlords. Systems explanations provide a useful tool for considering the growth of private renting but fail to provide the specificity required in considering the interaction between different types of drivers. These explanations may still offer the opportunity to explore the interactions between drivers and emergent outcomes. However, more work would be required to integrate this type of approach with the emerging literature relating to the growth of private renting.

Historic institutionalism represented the third theoretical explanation for the growth of private renting. A major issue with historic institutionalism relates to the specification of institutions, particularly the broad definition provided by Lowe (2011). The danger is that this kind of definition fails to specify the types

of roles played by different kinds of institutions. Within the research findings it is clear that different institutions have different roles. These included local authorities, private landlords and developers of new housing stock. In addition, it is difficult to incorporate demographic drivers (e.g. growth of student numbers) within historic institutionalism. There are also further questions which need to be answered about the changes in institutions. The growth of private renting is associated with rapid changes in some institutions. For example, the rapid emergence of new actors such as buy-to-let landlords has played a key role in the growth of the private rented sector. Historic institutionalism needs to be able to account for these rapid changes. There is scope to develop this approach further as an explanation for the growth of private renting.

I then moved on to assess whether the notion of fields could be used to integrate some of the strengths of these different approaches. This drew on theoretical positions from Bourdieu and strategic action fields. Bourdieu provides a rich and detailed account of the drivers for change in a housing system (2005). His work was particularly useful in guiding analysis of political drivers. It provided a theoretical basis to consider how political drivers shape supply and demand. Strategic action fields (Fligstein & McAdam, 2011) seek to develop the role of collective action and suggest that Bourdieu focuses too much on the individual. This approach was useful when considering the social construction of 'generation rent' as a housing problem. It helps to explain the role of different groups as they seek to change the rules of the field of private renting. The emphasis on both competition and co-operation is also useful in moving beyond oversimplified models of conflict. However, the more specified

model of strategic action fields has many similarities with historic institutionalism. It provides a useful description of the context which shapes supply and demand but is less able to explain drivers such as demographic change. Fields have helped me to understand the structure of the private rented sector but were not able to provide a framework to guide my research.

In order to develop an analytical framework I turned to descriptions of the historic decline of the private rented sector. The work of Allen and McDowell provides an example of a research project which has sought to investigate research questions which are similar to mine. They sought to link the “particular to the general” to explain the “decline of the private rented market... without losing sight of the particular form that the processes have taken in different local housing markets” (Allen & McDowell, 1989, p.ix). I used this approach as a basis for my own research and updated it with reference to more recent developments within critical realism. The real strength of this approach was the ability to incorporate a range of drivers and explain how they operate in specific contexts. This provided a balance between the general and the particular in my explanations. Using a realist approach helped me to develop an analytical framework which is discussed in the next section. It also led to a particular type of explanatory model.

In summary, my research findings suggest that none of the theoretical explanations discussed here are fully able to incorporate the complexity of tenure change. This may not be surprising given that the growth of private renting is a complex, multifaceted process. Any reductive explanation of this

process would be inadequate. More broadly, the limitations discussed here help to clarify the role of theoretical explanations. It has been argued that:

“Theory is ineluctable. Explanation in social science entails the positing of causal relations, and this requires the development of theory: generalized combinations of reliable and defensible explanatory statements... Theories do not and cannot explain individual empirical cases in a direct and linear fashion, in part because all such cases represent the conjunction of multiple relational structures” (Aalbers & Christophers, 2014, p.2).

This suggests that theory is vitally important but should not seek to provide an exact description of every case study. My research essentially acts as one case which can be illuminated by a range of theories but cannot be explained in “a direct and linear fashion” (ibid). The role of theory is also partly to challenge ‘epistemic drift’ (Kemeny, 1992). Theory can also be used to challenge and interrogate ‘taken for granted’ understandings in popular and policy discourses. In this way it can help to provide richer and deeper explanations of a process such as tenure change. Current explanations of tenure change still require development and this leads on to consideration of the limitations of the research.



## **9.3 Assessment of analytical framework and methods**

### **9.3.1 Analytical framework**

Adopting a realist approach provided a strong basis for undertaking my research but also led to some difficulties. My difficulties reflect those identified by Allen and McDowell (1989) which were highlighted in chapter four. These were the danger of over ambition, the difficulty of synthesis and the types of explanation which might be possible. The third of these limitations probably represented the least of an issue for my research. Allen and McDowell (1989) argue that explanation must seek to work from the specific to the general as “places are the crucible... of causal change” (Allen & McDowell, 1989, p.9). This type of explanation that links the particular to the general was relevant to my research questions. The limitations of this type of explanation relate to the second issue identified by Allen and McDowell – the difficulty of synthesis. My research findings provided a more detailed understanding of the interaction between different drivers. However, greater synthesis between methods would have increased the strength of my explanation. It was the first limitation identified by Allen and McDowell – over ambition – which is likely to represent the greatest issue for my research. This thesis has sought to investigate an important and complex issue – the growth of private renting. It could be argued that this is overambitious. I could have adopted a narrower approach which focused on one aspect of this process but I believe that doing so would have severely limited the type of explanation which would be possible. Over ambition may be an issue with this thesis but it is probably a better flaw than a narrow, limited research topic.

The analytical framework used in this thesis highlighted four levels of analysis for different drivers of tenure change (global, macro, meso, micro). This represented a simplification of a seven level model outlined by Bhaskar and Danermark (2006). My framework was intended to be applicable to the types of drivers which were likely to be most important in the rapid growth of the private rented sector in England. The analytical framework developed in this thesis should be applicable to other contexts. Critical realism focuses on the importance understanding drivers as mechanisms acting in context (Pawson & Tilley, 1997). Therefore, it should be possible to use the framework to investigate how similar mechanisms are expressed in different contexts. Before the analytical framework could be developed in other contexts it would be useful to assess the strengths and weaknesses of its application in this thesis.

The analytical framework had a number of strengths which supported the research undertaken. First of all, the framework helped to clarify the level at which different drivers primarily operated. This was vital in order to consider the roles played by different drivers, particularly in relation to variation across niches and between spatial locations. The level of operation for different drivers explains how they interact to create a process of 'structured unevenness' within the tenure. The micro-level structure was useful in specifying the relationship between different agents (e.g. stock, households and landlords). A theoretical understanding of the micro unit of the private rented sector formed the basis of the niche categorisation which was developed. The lack of a theoretical basis was a weakness in other examples of niches analysis. Taken together, the analytical framework helps to provide a much clearer understanding of the

relationship between different drivers and how they interacted to support the rapid growth of private renting. Given that this was the primary aim of this research, it suggests the analytical framework has been largely successful within the context of this thesis. However, if the framework is to be of wider use then a number of weaknesses should be acknowledged.

The main limitation of my analytical framework is that it represents an oversimplification of the different levels at which drivers operate. This was a necessary simplification for the current research but wider use of the framework would need to reflect on this. There is a balance to be struck between parsimony and explanation in the framework. The analytical framework used here has tended towards focusing on drivers acting at a national and local level. These levels were considered to be the most likely sites for the interaction of key drivers. This resulted in a simplification of drivers operating at both the global and individual level. In reality, 'global' drivers are likely to act at more than one level. For example, mortgage markets are governed or constrained by a range of different structures. At a global level this might include the introduction of Basel III agreements on macro-prudential regulation (Basel Committee on Banking Supervision, 2015). These regulations are then interpreted and agreed by the European Union at a Europe wide level. Within the UK, the Financial Policy committee has used its remit in relation to macro-prudential regulation to warn that may seek to regulate the mortgage market more actively. It may "require regulated lenders to place limits on residential mortgage lending, both owner-occupied and buy-to-let" (Bank of England, 2015,

p.5). This provides one example of the way that global drivers act at different levels and could affect the private rented sector in England.

At the other end of the scale, the framework also simplifies drivers acting at the individual level. The smallest level of analysis in my framework is the individual unit of a private rented dwelling. Households represent one component part within this unit. There are likely to be a range of different competing drivers acting within households. For example, my analysis was not able to access the 'sub-individual psychological level' described by Bhaskar and Danermark (2006). This might relate to attitudes towards tenure such as the belief that it was necessary to own your own home before having children (Wallace, 2010). Attitudes towards tenure might prove to be an important driver of choice within housing pathways. Additional information about the beliefs of landlords would also be beneficial. How do their perceptions and values shape investment choices? It would be possible to extend the framework to make it more comprehensive by incorporating both global and individual drivers in more detail. However, any extension would need to be considered to ensure that it added explanatory power without over complicating the framework.

The value of realist approaches in relation to this type of research is one of the key lessons from the use of the analytical framework. A critical realist approach is able to manage the tension between theory and complex, individual cases. This type of approach is able to take seriously both the mechanisms (drivers of tenure change) and the context in which they occur (e.g. national and local housing systems). This echoes the view of Allen and McDowell who suggest that

“one of the attractions of working within a realist framework in investigating the changing structure of the private rented market is that this framework allows for, indeed is based on the assumption, that general processes of change will take particular forms in different places” (1989, p.7).

Their approach is clarified and expanded by the subsequent work of authors such as Bhaskar and Tilley. Taken together, these realist approaches have provided a sound ontological, epistemological and methodological basis for undertaking my research.

### **9.3.2 Methods and definitions of tenure**

Critical realism underpinned and guided the methods adopted in this thesis. The first research decision related to the definition of private renting. I sought to investigate the tenure form of private renting as defined in the 2011 Census. My aim was to mitigate a range of difficulties associated with tenure categorisations. One of these difficulties is worthy of further reflection in the light of the research findings. In section 1.3 I noted that the heterogeneity within tenures means that it is not always clear whether ‘private renting’ holds enough commonality to make them useful. My research findings have highlighted both niches within the tenure and its spatial variation. These confirm the suggestion that the private rented sector is heterogeneous. Despite these variations there do appear to be enough commonalities to consider private renting as a distinct category. These include national housing policies and the similarities amongst landlords as well as the legal framework of Assured Shorthold Tenancies which is increasingly prevalent. This evidence supports Ruonavaara proposal that

housing tenure should be analysed on two distinct levels: “general ideal types and that of historically and geographically specific actual forms” (1993, p.4).

Ruonavaara’s approach also helps to clarify the possible impact that a different definition of private renting might have had on the research findings. It would have been possible to adopt a broader definition of private renting. For example, an additional category within the Census is ‘living rent free’ and this is sometimes considered to be part of the private rented sector. If this category had been included in my research then it is likely that I would have identified a wider range of niches operating in Birmingham. The benefit of identifying a wider range of niches is likely to be offset by the added complexity of dealing with a broader range of forms of private renting. It appears that my tenure definition found a reasonable balance between parsimony and width of explanation. However, it is important to keep other possible definitions of tenure in mind when considering the research findings.

Consideration of alternative approaches is also useful in considering the methodological choices made in this thesis. A mixed methods approach was the only viable option in seeking to assess a range of different drivers. It was necessary to utilise a range of different qualitative and quantitative data sources in order to investigate the widest possible range of drivers. Secondary data analysis represented the best opportunity to maximise the scope of the research. The challenge was to ensure that this breadth of research was combined with detailed analysis of different drivers. I chose to combine three different methodologies in order to try and achieve this balance. They were multivariate analysis, geodemographic analysis and Political Discourse

Analysis. Multivariate analysis provided a useful tool to try and identify the interactions between a range of different economic and demographic drivers. However, this analysis still left questions regarding how these different drivers had combined in particular areas. The use of geo-demographic analysis in one case study area was designed to provide the depth to complement the breadth of multivariate analysis. Using the case study of Birmingham provided a specific context in which to test more general explanations. It remains to be seen the extent to which Birmingham exemplifies other areas. Despite this difficulty, the gap in academic knowledge in this area means that detailed investigation of one case study was probably the most effective strategy.

Neither of these two methodological approaches could identify the role of political drivers so these were assessed using Political Discourse Analysis. This methodology was chosen to try and create a unified approach to analysing political drivers. It sought to provide a methodology which was compatible with critical realism. Alternative approaches to studying discourse tend to start from a constructivist standpoint which might not be compatible with critical realism. Some approaches to analysing policy struggle to integrate the impact of discourse and ideology. Given the likely impact of ideologies of homeownership it was important that my approach was able to investigate both discourse and policy. Political Discourse Analysis was useful in providing an overview of the political drivers associated with the growth of private renting. This approach worked best where housing policy could be triangulated against other types of data sources. One of the major difficulties was finding a clear definition of 'housing policy'. There is no clear boundary to decide which policies which are

aimed primarily at the housing systems. However, there is still scope for more detailed analysis in this area. Taken together, these three methodologies provided findings which helped to address the overall research question. They provided a reasonable balance between breadth and depth of analysis. These different approaches complemented each other and provided triangulation but direct comparison was not always possible. I will reflect on limitations with the research findings further in the next section.

## **9.4 Limitations of research findings**

Some of the limitations of this research have become apparent as I have reflected on the methods and analytical framework. The most obvious limitation with secondary analysis relates to the availability to data. Secondary analysis is dependent on the availability of data which can be used to investigate the research questions. A wide variety of data is available to analyse the growth of private renting. I have been able to use a range of different data sources to provide a more detailed assessment of the drivers that have contributed towards this trend. However, these data sources do not always represent the ideal. Most notably, the census is only available for 2001 and 2011. This provides two useful comparison points to investigate tenure change. Ideally, this type of data would be available for every year. If this was the case then it would be possible to add detailed longitudinal analysis to the research undertaken in this thesis. Longitudinal research would provide an indication as to whether the impact of particular drivers changed over time. For example, what was the relationship between changing patterns of migration and the growth of private



renting each year? This type of analysis would provide an additional level of detail which is not possible with the existing data sources.

Given the constraints on data availability there were four key limitations with the research findings. The first relates to the scope of the research findings. More analysis is required in a number of important areas in order to triangulate and develop the research. There is a particular need to develop the niche categorisation to provide a deeper understanding of the role of landlords. My theoretical model for niches focuses on the interaction between landlords, tenant households and stock. The available data meant that my analysis focused on tenant households and stock. There is also a clear need to extend the niche analysis to other types of housing market. It is likely that Birmingham captures a range of different niches which operate in other geographic areas. However, there are likely to be other types of niches operating in different housing market areas. For instance, rural housing markets and London may provide examples of niches which are not found in Birmingham. It would also be important to assess variation between niches if they are found in different locations. For example, what are the characteristics of Housing Benefit dominant niches in different areas?

The second key limitation relates to understanding the interaction between drivers at different levels. It has already been noted that my research simplified analysis of both global and individual drivers. More detailed understanding of drivers acting at both of those levels is required. For example, at an individual level it would be useful to explore the beliefs, motivations and experiences of landlords in more detail. How do these interact with the available supply of stock

and tenant households? At a global level there is scope to undertake detailed analysis of mortgage flows in different countries and how they are distributed between landlords and owner occupiers. It is also necessary to integrate this kind of research with the findings in my thesis. My research has focused on the interactions between drivers operating between the meso-level (niches in Birmingham) and macro-level (England). Ideally, this should be expanded to provide more information about the impact of drivers operating at both an individual (and sub-individual) and global level.

Integration between policy and research provides the third limitation. The research findings have started to unpick the relationship between constructions of 'generation rent' and the implementation of particular policies. More research is required to provide greater understanding of this process. I highlighted the role of some 'challengers' but these represent only a small fraction of the competing agents operating in the private rented sector. A detailed analysis of the range of competing challengers would be useful. This would include the differing resources available to them and the strategies which they are using to position themselves in the field. There is also a lot of scope to consider the political field of local authorities in more detail. Who are the challengers at this level and how do they seek to shape policy? How do local authorities seek to navigate tensions between local and national priorities? The research findings presented here could form the basis for a much more detailed analysis of these kinds of questions.

A final limitation relates to the analytical framework and theoretical basis utilised in this research. Previous sections have noted that there is a need to develop

both of these areas further. This could be achieved by additional analysis in a range of different contexts. More detailed analysis of tenure change would help to test the framework and theoretical basis with a larger amount of data. Beyond this it would be useful to see how these explanatory tools respond to different contexts. Are they able to provide a means to examine tenure change in other contexts? Other national housing systems which have experienced similar changes would provide the most obvious opportunity for this kind of testing. Taken together, these limitations suggest that there is a real issue with the lack of research into this important change within society. This research project has developed knowledge about the rapid growth of private renting. It has also raised a large number of additional questions which will require further attention. These potential research questions are briefly discussed in the next section.

## **9.5 Further research**

This thesis highlights a number of areas which need further research. There are still notable gaps in understanding of the growth of private renting in England and tenure change more broadly. The limitations identified in the previous section have been developed into four themes for additional research which are outlined below.

**Theme 1 - Develop niche analysis.** This theme would seek to develop the niches analysis that I have undertaken in Birmingham. There is still a need to explore and explain the diversity within the private rented sector in more detail. My research findings were a development of the niche descriptions of Rugg and Rhodes (2008). They also build on the analysis undertaken by Birmingham City

Council. Extending my analysis would provide a more complete understanding of the niches which operate within private renting. The first step would be to identify data which can highlight the types of landlords which are operating in different niches within Birmingham. A range of options for obtaining data on landlords could be explored. These could include landlord surveys, interviews and intelligence gathering through key informants. The next stage would be to extend the niche analysis to other housing markets. Initially this could consist of identification of comparator case study areas (e.g. Inner London Borough, Outer London Borough, market town, rural area etc.). Niche analysis could then be undertaken in these areas. It might include some additional secondary research, particularly where new data is available from landlord registration schemes. For example, local authority data relating to Housing Benefit landlords may be of value. A number of local authorities have sought to introduce more comprehensive licensing of the private rented sector in their areas. The most notable example is Newham but others include Liverpool, Oxford and Nottingham. These schemes provide the opportunity to gain a more detailed understanding of landlords operating in particular geographic areas. Comparing the findings from different locations would provide a much more detailed understanding of the full range of niches operating in the private rented sector.

**Theme 2 - Investigate global and individual drivers.** The previous section highlighted the shortage of analysis of drivers acting at a global and individual level. For example, at a global level there is scope to conduct detailed analysis of the drivers behind changes in the flow of mortgage finance. This could extend the academic understanding of these trends which is starting to develop (e.g.

Kennett, Forrest & Marsh, 2012; Crook & Kemp, 2014; Kemp, 2015). In-depth qualitative analysis of both tenants and landlords would be beneficial in relation to individual drivers. This could investigate the interactions between changing tenure patterns and the attitudes or beliefs held by different agents. For example, analysis of tenants could build on the work into the housing pathways of young people which has started to explore this area (e.g. Clapham, Mackie, Orford, *et al.*, 2012; McKee, 2012).

**Theme 3 - Policy and research analysis.** There are two areas where additional analysis of the policy context for tenure change might be particularly beneficial. The first is a more detailed understanding of the construction of tenure change as a housing problem. This might assess how different challengers have operated at both a national and local level. It would provide an opportunity to develop existing analysis of both housing problems (e.g. Jacobs, Kemeny & Manzi, 2003) and the construction of social problems (e.g. Best, 2008). A second area of analysis could focus on the links between policy and research more generally. There is a lot of scope to develop understanding of the interactions between tenure change and issues such as housing wealth, asset-based welfare and the privatisation of rental housing. A strong literature exists in each of these areas (see section 2.3) but they could be extended and updated to incorporate a more detailed understanding of the growth of private renting. More policy focused research could seek to address questions such as:

- To what extent can privatised rental accommodation provide decent and affordable housing for low income households?
- How can private tenants be supported in developing assets?

- What are the long term implications of the relationship between asset-based welfare approaches and Housing Benefit expenditure?

#### **Theme 4 - Testing the analytical and theoretical frameworks.** The

theoretical and analytical frameworks could prove useful in researching tenure change in other contexts. Other countries within the UK form the most obvious contexts in which to undertake this kind of research. The divergent legal and regulatory contexts would allow for comparison of the impact of this type of driver operating at a national level. English speaking countries which have undergone similar tenure changes would form another interesting comparison. A number of existing studies (e.g. Ronald & Elsinga, 2012; Crook & Kemp, 2014; Lennartz, Arundel & Ronald, 2015) would provide a basis for this kind of comparative analysis.

The development of these four research themes would help to address gaps in the academic literature highlighted by my research. However, even these four additional areas would still leave major opportunities for further research. One example is the relationship between private renting and labour markets for low income households. My research suggests that the relationship between labour markets and housing systems goes to the heart of tenure change. In summary, the growth of private renting is clearly a fruitful area of academic research which would benefit from substantial additional investigation.

## **9.6 Final summary**

This chapter has sought to reflect on the wider implications of the research findings. My thesis has developed understanding of the growth of private renting

in seven key areas. The first is the understanding of drivers for the growth of private renting. Secondly, this research has developed a theoretical and analytical framework to support understanding of tenure change. The connection between the decline of private renting in England and the subsequent rapid growth of the tenure provide a third area of development. The fourth area is analysis of the prevalence and popularity of 'generation rent' and the 'priced out' thesis. This leads on to the fifth area which is that 'generation rent' accounts underpin a particular set of policy responses. A sixth area is that the research findings are likely to be relevant to tenure changes in other national systems. Finally, the thesis develops our understanding that the rapid growth of private renting is having a profound impact on society. This relates to the distribution of wealth, the operation of welfare systems and the provision of accommodation for low income households

My research also has implications for understanding of how tenure change occurs. No single theoretical approach is able to fully account for the growth of private renting. However, I would argue that this reflects the nature of theory in relation to particular cases. Critical realism has provided an approach which can underpin understanding of the process of tenure change and was used to develop an analytical framework. This framework might be useful in researching tenure change in other contexts. However, it would need to be developed further in order to do so. In particular there is a need to assess the balance between parsimony and explanation within the model.

This led on to consideration of the implications of the research findings for theoretical explanations of tenure change. Using a realist framework led to

particular methodological choices. These represented the need to balance breadth of explanation with depth of analysis and led on to the limitations. There is a need to increase the scope of the research particularly in relation to niches in other housing markets. It would be beneficial to develop understanding of the interaction between drivers at different levels – particularly global and individual drivers. Greater integration between policy and research would highlight the relevance of this type of research. Finally, it would be useful to develop and test the analytical framework and theoretical basis from this research in different contexts. These limitations highlight the notable gaps in academic analysis of the growth of the private rented sector. A programme of additional research was outlined which would begin to address these gaps. There are still substantial research questions relating to the growth of private renting which would benefit from further academic analysis.

In conclusion, I think it is worth reflecting on the scale of the challenge highlighted in this research. Tenure change represents a profound personal and political challenge which cannot be resolved by academic analysis alone. A short personal reflection on the topic can be found in Appendix 14. In relation to the political challenge, I have highlighted an alternative understanding of the growth of private renting which challenges prevailing accounts as to why this trend is problematic. My account leads to different questions about how policy might respond to tenure change. It raises questions about the type of society we want to be part of. We need to ask:

- How can we reduce the polarisation of housing wealth?



- How can we develop a system which provides affordable accommodation for low income households?
- How can we develop social security that ensures vulnerable households are living in decent accommodation?

The political challenge is immense. It often appears that “the ideological force of owner-occupation is now overwhelming and it appears that neither residents nor policy makers are capable of thinking beyond its normative boundaries” (Ronald, 2008, p.253). But the research findings suggest that we need a fundamental re-evaluation of the roles of different housing tenures and the ways that government intervention supports them. How can we respond to this challenge as academics? Milton Friedman observed that the role of academia is to “develop alternatives to existing policies [and] to keep them alive until the politically impossible becomes the politically inevitable” (quoted in Klein, 2007, p.6). Perhaps this is the real challenge for academics as we seek to understand and respond to the rapid growth of private renting in England.

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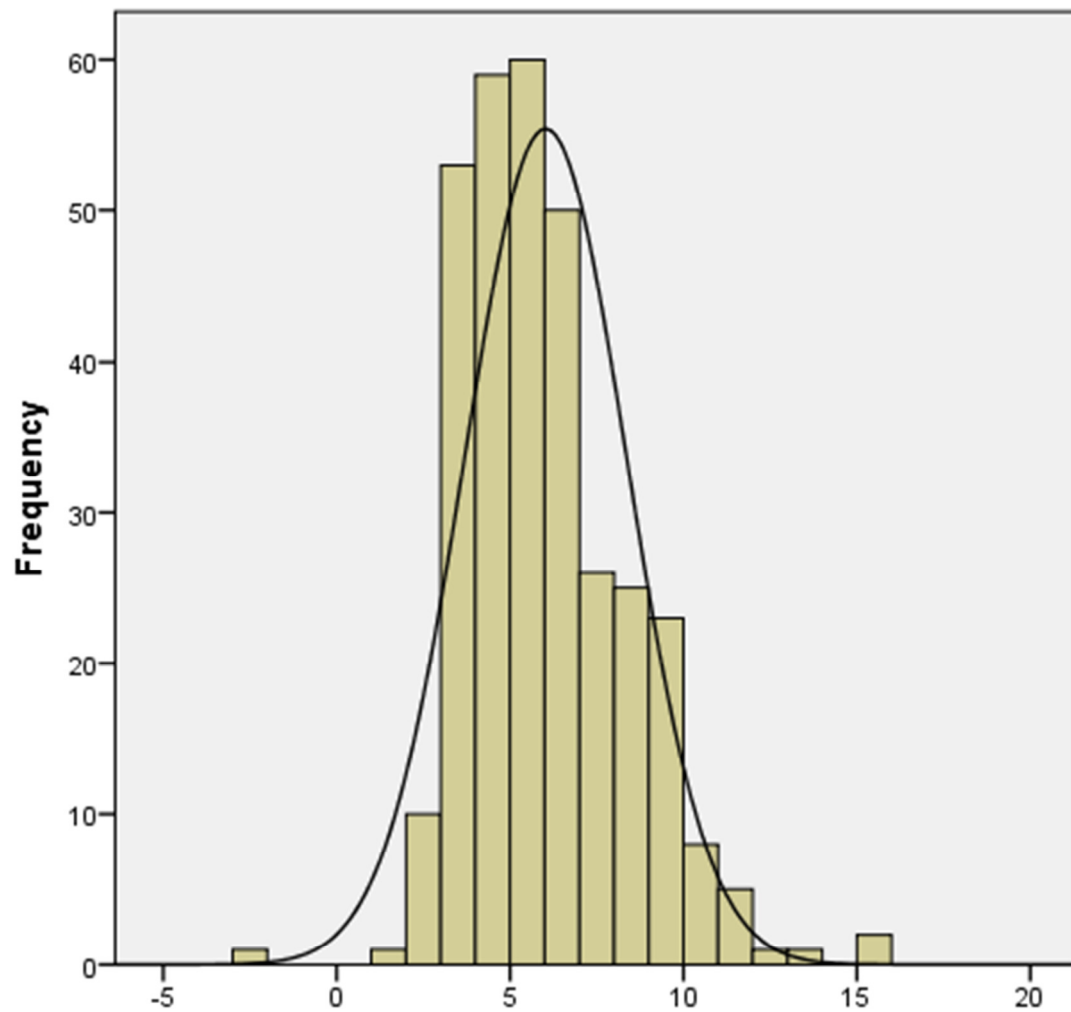
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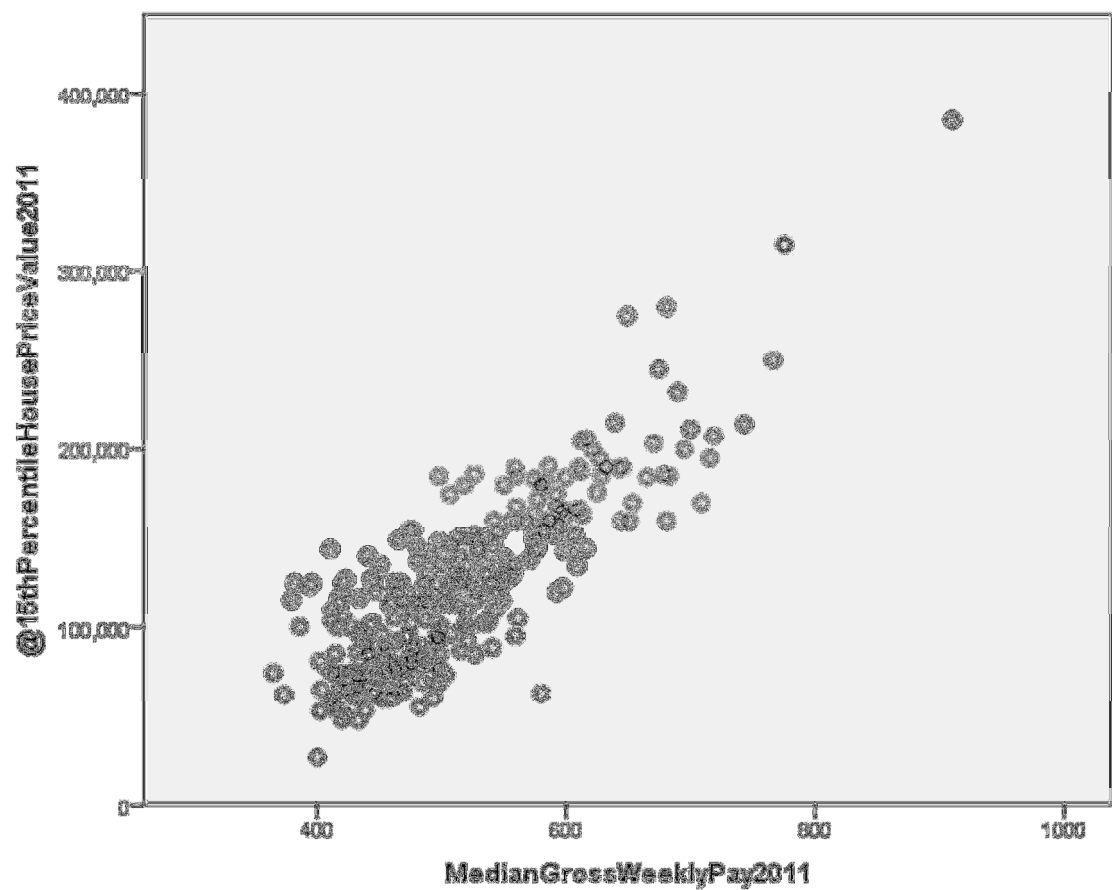
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## Appendices

### Appendix 1: Histogram of change in the relative size of the private rented sector at local authority level, percentage point



**Appendix 2: Scatterplot of 15<sup>th</sup> Percentile house prices and Median Weekly Pay (both £)**



### **Appendix 3: Description of variables and data source**

#### Dependant variable

- Change in Private Rented Sector: Change in the proportion of households renting from a private landlord or letting agent between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.

#### Independent variables

- Single person household: Change in the proportion of single person households between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.
- Under 35 households. Change in the proportion of households with a Household Reference Person aged 16 to 34 years old between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.
- Recent arrivals: Number of persons who arrived in UK between 2001 and 2011 as a proportion of total persons in the local authority in 2011. Data from 2011 census accessed from Office for National Statistics via NOMIS.
- All persons: Change in the proportion of persons between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.

- Students: Change in the proportion of households classified as 'full-time student' between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.
- Lone Parents with dependent children: Change in the proportion of households classified as 'lone parent with dependent children' between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.
- Multi-person households: Change in the proportion of households classified as 'other household: other' between 2001 and 2011. Author's calculation based on data from the 2001 and 2011 censuses accessed from Office for National Statistics via NOMIS.

### **Economic variables**

Where possible I have chosen data sources that are recognised as National Statistics which provide a guarantee of standards and completeness.

- House prices. A range of house price measures are available at a local authority level. It was decided that 15<sup>th</sup> percentile house prices would be most suitable as a variable as potential owner occupiers are more likely to purchase at the lower end of the housing market (NHPAU, 2010). The house prices in 2011 were chosen as these were most likely to reflect changes in the housing market between 2001 and 2011.



- Earnings. There are also a range of measures for earnings and incomes at a local authority level. The resident based median gross weekly wages for full-time workers in 2011 was chosen as the most suitable measure. This is the default variable for analysis of the Annual Survey of Hours and Earnings (ASHE) and was chosen in order to:
  - Match the analysis undertaken by Houston and Sissons (2012). Using the same variable in my analysis allowed me to assess whether there had been a change in the relationship between this variable and the growth of private renting between 2001 and 2011.
  - Fit the theoretical model. Houston and Sissons suggest that the private rented sector is playing a dual role in relation to the labour market. It provides accommodation for mobile workers and people who are out of work. They suggest that earnings provide the best measure to test this dual role as other income sources (e.g. pension, out of work benefits) are not included.
  - Test the 'priced out' thesis. Earnings provide the closest approximation of the affordability measures used to calculate mortgages. The Mortgage Market Review by the FSA (2009) outlines how mortgage providers should assess income not derived from earnings. The earnings measure in ASHE provides the closest approximation to this income which would be used to assess mortgage eligibility. This is important as the analysis seeks to test the 'priced out' thesis.

- Test affordability where households live. Earnings can be measured for the place of work or residence. I have used place of residence to match the house prices and earnings of resident households in a particular local authority. There are also a range of measures for income at a local authority level. The median gross weekly income for full-time workers in 2011 was chosen as the most suitable measure. This is the default variable for analysis of the Annual Survey of Hours and Earnings.
- Labour market. Two measures of the labour market were chosen. The first was the unemployment rate in each local authority. This measured the percentage of resident population claiming Jobseekers Allowance (JSA) in March 2011 when the census was taken. The second measure was the jobs density ratio which assessed “the total number of filled jobs in an area divided by the resident population of working age in that area” (Hastings, 2003). It designed as a measure of labour demand in a local area.
- Mortgage market. There are no national statistics available which measure the mortgage market at a local level. I decided that the best available proxy was the number of property transactions in a local area which provides an indication of the liquidity in the local market, or at least the level of activity. In order to measure this I calculated the total number of property transactions between quarter 2 of 2001 and quarter 1 of 2011 for each local authority area. Whilst it would be possible to create a rate of property transactions (i.e. transactions divided by number of

dwelling), I decided that the absolute number of transactions would be more useful. This was based on the idea that tenure change is almost always dependent on a property transaction. A dwelling which becomes privately rented will almost always either be an existing dwelling purchased from an owner occupier or new dwelling purchased from a developer. The total number of property transactions provides an indicator of the number of opportunities which exist for the creation of additional privately rented dwellings.

The final economic variables chosen were:

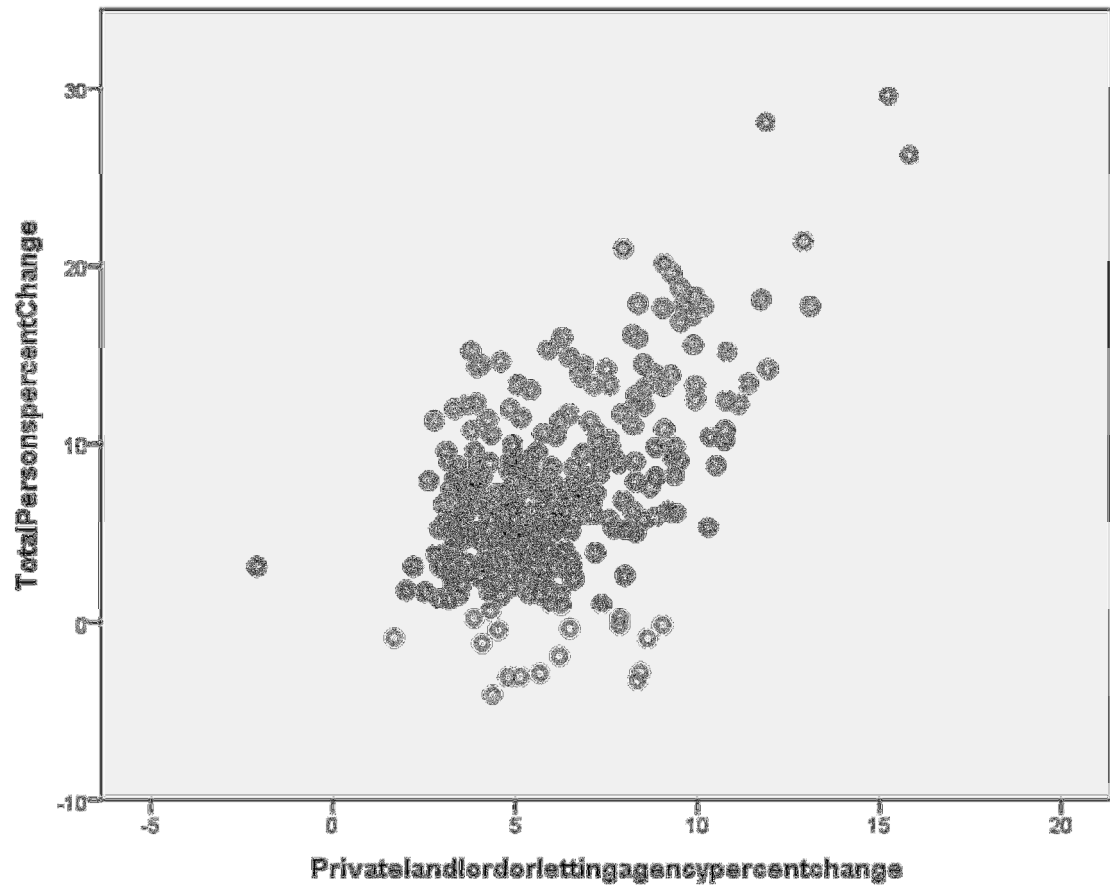
- Job density. Data taken from Office for National Statistics via NOMIS.
- Average job density. Data taken from Office for National Statistics via NOMIS.
- Weekly pay. Taken from 'median gross weekly income for full-time workers' in 2011 as measured by the Annual Survey of Hours and Earnings. Data accessed from Office for National Statistics via NOMIS.
- JSA claimant rate. This measured the percentage of resident population claiming Jobseekers Allowance (JSA) in March 2011 when the census was taken. Data accessed from Office for National Statistics via NOMIS.
- House price. This measured the 15<sup>th</sup> percentile house price in quarter 1 of 2011. Data accessed from Live Table 580 published by the Department of Communities and Local Government.

- House price to income ratio. This measured the ratio of median house price to median earnings (as measured by the Annual Survey of Hours and Earnings) in 2011. Data accessed from Live Table 577 published by the Department of Communities and Local Government.
- Property transactions. This measured the total number property sales (based on Land Registry data) between quarter 2 of 2001 and quarter 1 of 2011. Data accessed from Live Table 584 published by the Department of Communities and Local Government.
- Dwelling stock: This measured the proportional change in dwelling stock between 2001 and 2011. Data accessed from Live Table 116 published by the Department of Communities and Local Government.

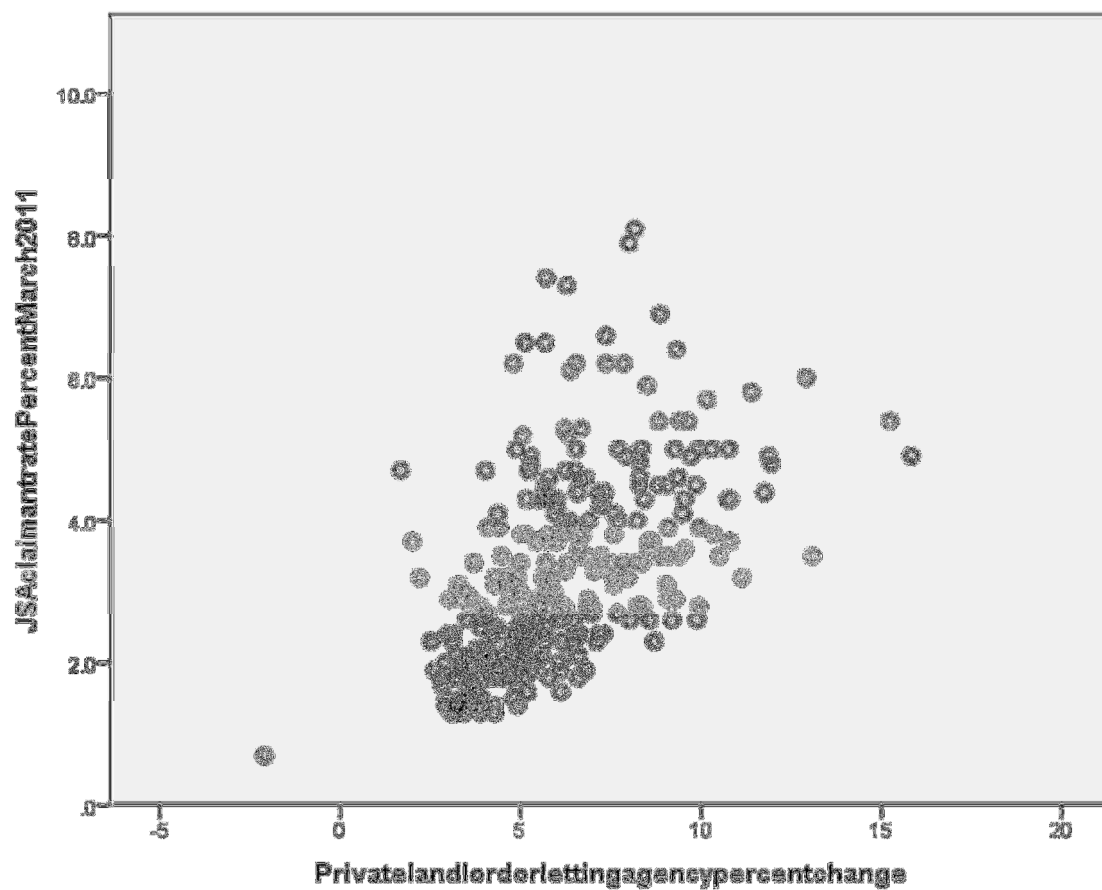
#### Appendix 4: Descriptive statistics for variables

	Mean	Standard Deviation
Change in Private Rented Sector	6.05	3.00
Single person household	10.06	7.04
Under 35 households	-7.12	11.46
Recent arrivals	5.71	5.61
All persons	7.40	5.04
Students	48.44	22.76
Lone Parents with dependent children	22.75	13.59
Multi-person households	31.9	18.8
Job density	0.77	0.26
Ave job density	0.78	0.24
Weekly pay	510.35	80.22
JSA claimant rate	3.21	1.35
House price	121,000	47,400
House price to income ratio	7.32	2.35
Property transactions	30,400	18,600
Dwelling change	8.42	3.76

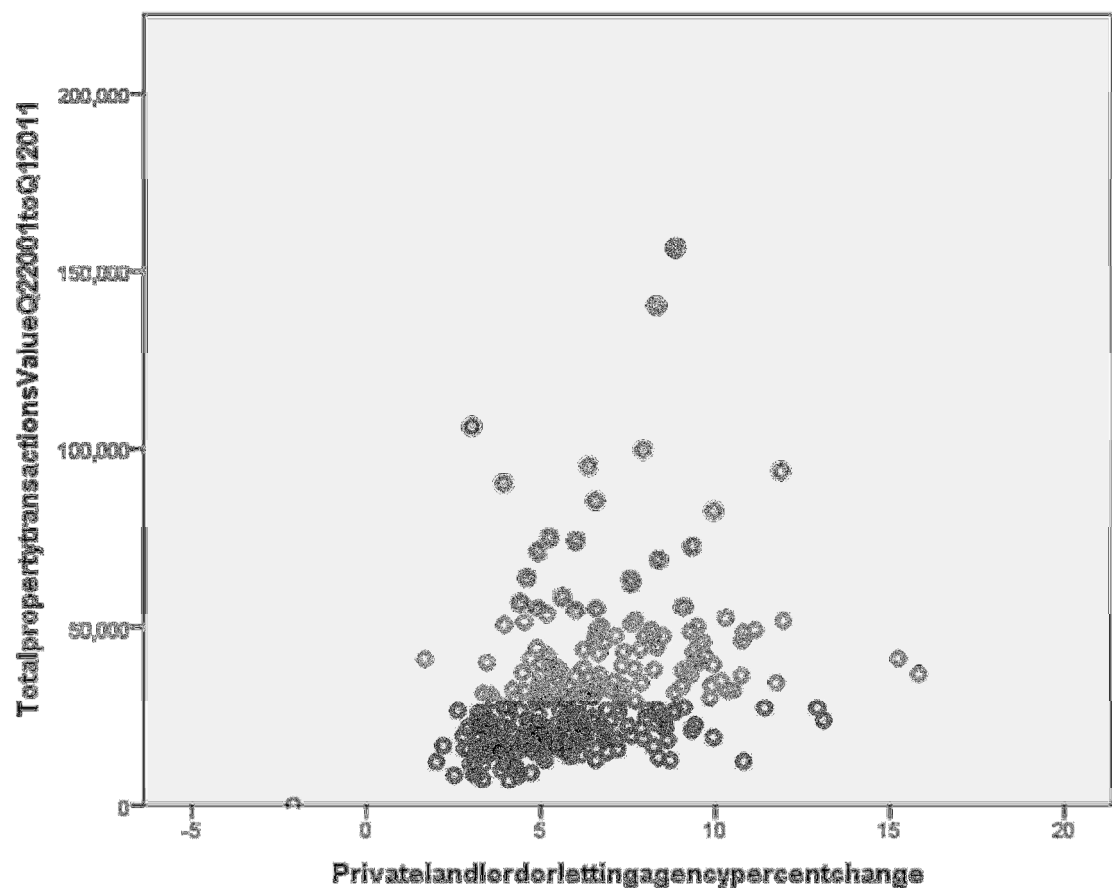
**Appendix 5: Scatterplot of change in the proportion of private renters and proportion of total persons**



**Appendix 6: Scatterplot of change in the proportion of private  
renters and JSA claimant rate**

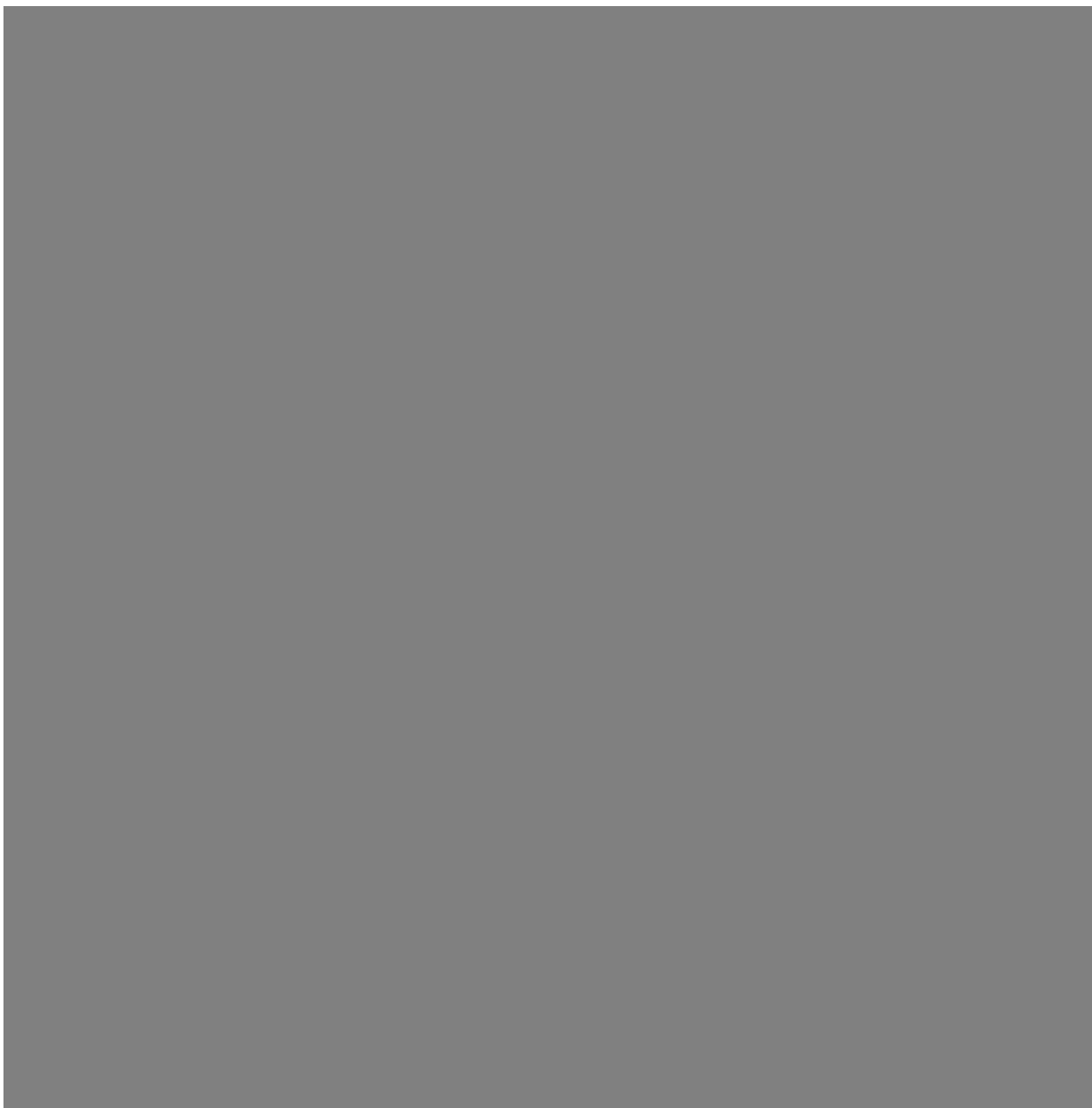


**Appendix 7: Scatterplot of change in the proportion of private  
renters and property transactions**





## Appendix 8: Electoral Wards in Birmingham, 2011<sup>97</sup>

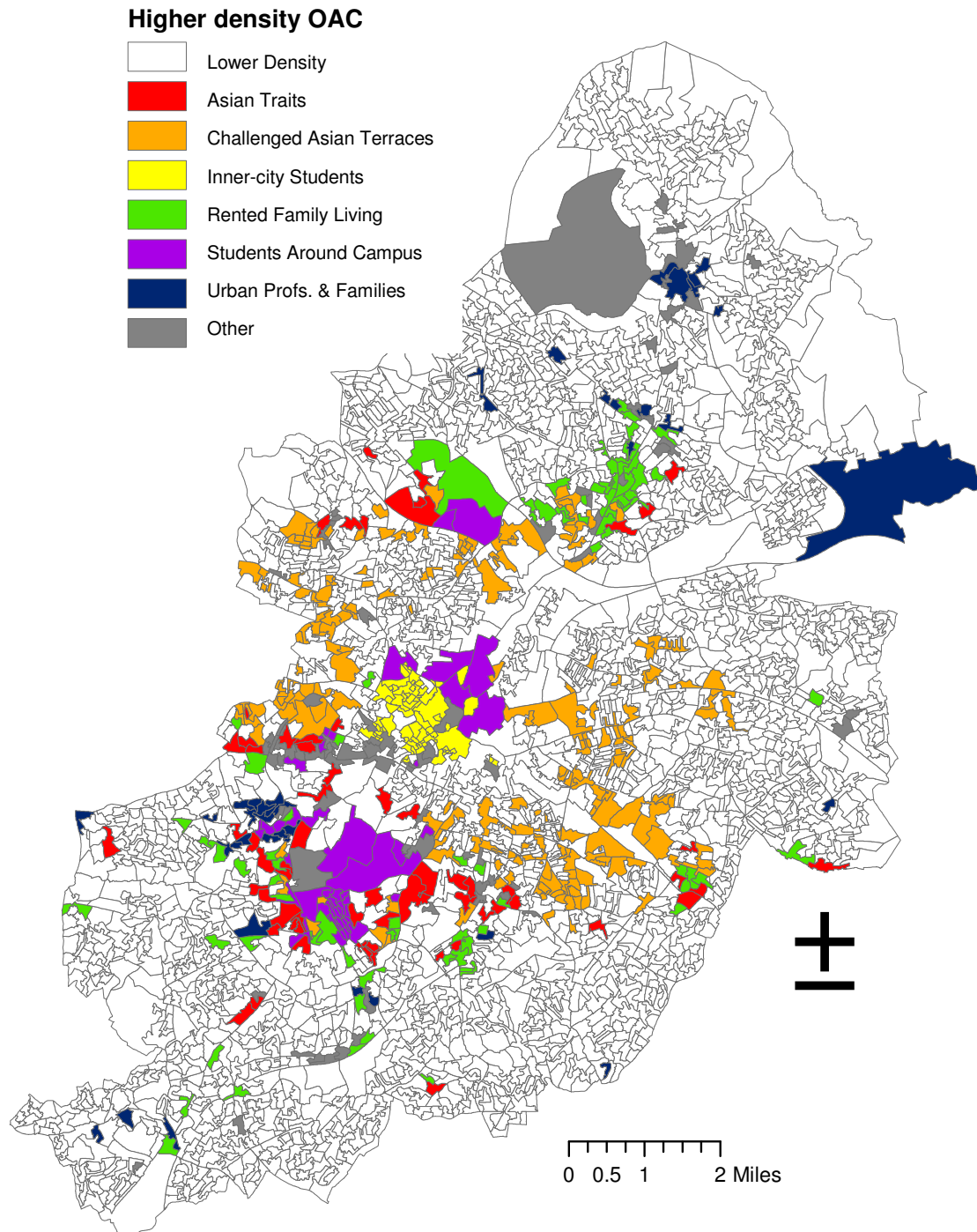


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<sup>97</sup> Accessed from Birmingham City Council, August 2014,,: <http://www.birmingham.gov.uk/wards>.

## Appendix 9: Output Areas with a higher density of private renting

Figure 53: Output Area Classification where there is a higher density of households renting from a private landlord or letting agent, 2011, Birmingham<sup>98</sup>



<sup>98</sup> Authors calculations from Table KS402EW of the 2011 Census and Output Area OAC categories from ONS.

Higher density is defined as an output areas where private renters account for more than 25% of households.<sup>99</sup> The OAC provides information about the type of households and stock in output areas where there were higher levels of private renting in 2011. This OAC model was developed using a k-means cluster analysis to create a three level hierarchical model. At the top level of the model were 8 clusters (known as supergroups), followed by 26 clusters at the second level (known as groups) and 76 clusters at the third level (known as subgroups). Each group was assigned a name and provided with a 'pen portrait' to describe its distinctive features (Office for National Statistics, 2014c). For example, the subgroup 'Rural workers and families' sits within the Group of 'Farming communities' and the supergroup of 'Rural residents'.

The main text highlighted two groups: 'Students around Campus' and 'Inner City Students'. Three other groups also seem to have distinct spatial distributions. These were:

- 'Challenged Asian Terraces' (commonly non-White and particularly Pakistani ethnicity living in terraced properties, often with children) appear in two distinct clusters. The first is on the South East fringe of city centre (e.g. Sparkbrook) and the second is on the Western fringe of city centre (e.g. Soho). There is also a less distinct cluster to the North of city centre in Stockland Green.
- 'Asian Traits' (Chinese and Indian ethnicity are more common in semi-detached housing). This group is more spatially dispersed and appears

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<sup>99</sup> This is 1.5 times the Birmingham average of 16.7% of households

further away from city centre. The most notable cluster appears around the edge of 'Students around Campus' output areas in Selly Oak.

- 'Rented Family Living' output areas (More likely to be White, often recent migrant communities) are often in similar locations to 'Asian Traits' slightly further away from the city centre than 'Challenged Asian Terraces'. The most distinct cluster of 'Rented Family Living' appears in the Stockland Green and Erdington areas North of the city centre.

These categories provide some indication of the ethnicity of households living in different areas. Given the findings of the multivariate analysis in the previous chapter it is possible that there may be a stronger association with recent arrivals rather than ethnicity. However, this category is not included in the OAC. It is also worth noting that all of the high density areas mapped in Figure 53 account for slightly less than half of households in the private rented sector. The rest of the households in the tenure are spread widely across the city in areas with a range of classifications.

## Appendix 10: Housing Benefit Claimants by ward<sup>100</sup>

Ward	Percentage of households renting from a private landlord or letting agency	Housing Benefit claimants as percentage of households renting from a private landlord or letting agency
Acocks Green	18.08%	45.35%
Aston	14.83%	19.38%
Bartley Green	7.83%	46.55%
Billesley	9.88%	50.75%
Bordesley Green	18.81%	92.34%
Bournville	14.33%	32.20%
Brandwood	9.21%	38.51%
Edgbaston	31.04%	19.03%
Erdington	17.58%	44.44%
Hall Green	12.85%	44.64%
Handsworth Wood	20.45%	49.66%
Harborne	28.09%	16.62%
Hodge Hill	12.50%	32.42%
Kings Norton	7.79%	39.08%
Kingstanding	10.73%	64.21%
Ladywood	45.63%	6.28%
Longbridge	9.81%	43.67%
Lozells and East Handsworth	17.76%	58.24%
Moseley and Kings Heath	25.82%	24.66%
Nechells	20.43%	35.96%
Northfield	9.32%	42.26%
Oscott	12.74%	45.21%
Perry Barr	17.33%	33.22%
Quinton	11.24%	39.10%
Selly Oak	42.57%	10.52%
Shard End	8.91%	58.41%
Sheldon	9.56%	41.82%
Soho	23.79%	48.00%
South Yardley	17.42%	59.15%
Sparkbrook	19.31%	58.65%
Springfield	22.51%	57.76%
Stechford and Yardley North	12.18%	54.83%
Stockland Green	23.89%	51.84%
Sutton Four Oaks	8.79%	19.48%
Sutton New Hall	8.52%	21.14%
Sutton Trinity	11.38%	27.78%
Sutton Vesey	10.95%	25.69%
Tyburn	10.57%	51.28%
Washwood Heath	17.31%	93.65%
Weoley	10.23%	40.56%

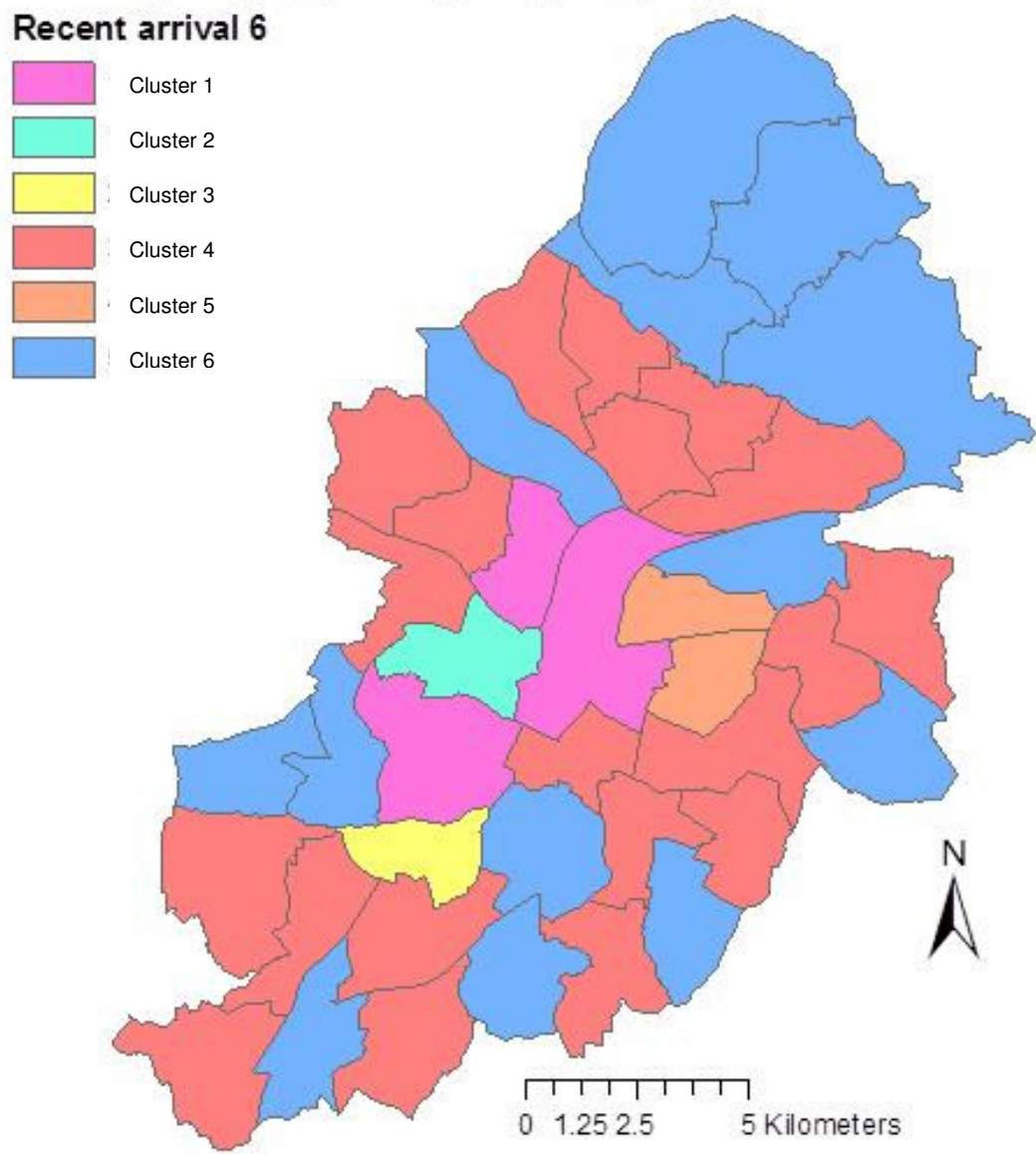
<sup>100</sup> Author's calculations based on data from Table KS402EW of the 2011 Census and Birmingham City Council

## Appendix 11: Description of niche variables

Ward	PRS density 2011	HB as % of PRS	Terraced - %	Purpose built flat - %	Students %	Recent arrivals %
Acocks Green	ABOVE AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Aston	BELOW AVE	BELOW AVE	ABOVE AVE	HIGH	HIGH	HIGH
Bartley Green	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Billesley	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Bordesley Green	ABOVE AVE	HIGH	HIGH	BELOW AVE	ABOVE AVE	HIGH
Bournville	BELOW AVE	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Brandwood	BELOW AVE	BELOW AVE	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE
Edgbaston	HIGH	BELOW AVE	BELOW AVE	HIGH	HIGH	HIGH
Erdington	ABOVE AVE	ABOVE AVE	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE
Hall Green	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Handsworth Wood	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	ABOVE AVE	ABOVE AVE
Harborne	HIGH	BELOW AVE	BELOW AVE	ABOVE AVE	ABOVE AVE	ABOVE AVE
Hodge Hill	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	ABOVE AVE
Kings Norton	BELOW AVE	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE
Kingstanding	BELOW AVE	HIGH	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Ladywood	HIGH	BELOW AVE	BELOW AVE	HIGH	HIGH	HIGH
Longbridge	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Lozells and East Handsworth	ABOVE AVE	ABOVE AVE	HIGH	BELOW AVE	ABOVE AVE	HIGH
Moseley and Kings Heath	HIGH	BELOW AVE	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE
Nechells	ABOVE AVE	BELOW AVE	BELOW AVE	HIGH	HIGH	HIGH
Northfield	BELOW AVE	ABOVE AVE	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE
Oscott	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Perry Barr	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE	ABOVE AVE	BELOW AVE

Quinton	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Selly Oak	HIGH	BELOW AVE	HIGH	BELOW AVE	HIGH	ABOVE AVE
Shard End	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Sheldon	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Soho	ABOVE AVE	ABOVE AVE	HIGH	BELOW AVE	ABOVE AVE	HIGH
South Yardley	ABOVE AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	ABOVE AVE
Sparkbrook	ABOVE AVE	ABOVE AVE	HIGH	BELOW AVE	ABOVE AVE	HIGH
Springfield	ABOVE AVE	ABOVE AVE	HIGH	BELOW AVE	BELOW AVE	ABOVE AVE
Stechford and Yardley North	BELOW AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Stockland Green	ABOVE AVE	ABOVE AVE	BELOW AVE	ABOVE AVE	BELOW AVE	ABOVE AVE
Sutton Four Oaks	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Sutton New Hall	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Sutton Trinity	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Sutton Vesey	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE
Tyburn	BELOW AVE	ABOVE AVE	ABOVE AVE	BELOW AVE	BELOW AVE	BELOW AVE
Washwood Heath	ABOVE AVE	HIGH	HIGH	BELOW AVE	ABOVE AVE	ABOVE AVE
Weoley	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE	BELOW AVE

**Appendix 12: Alternative classification of dominant niche in each ward, Birmingham, 2011<sup>101</sup>**



<sup>101</sup> Author's classification using 6 means



### Appendix 13: Descriptive statistics for cluster models<sup>102</sup>

	<b>6 Means</b>	<b>7 means</b>	<b>8 means</b>
PRS density (%)	10.3 ***	11.9 ***	15.7 ***
HB density (%)	30.2 ***	41.4 ***	39.6 ***
Terraced (%)	10.6 ***	11.7 ***	16.7 ***
Flats (%)	43.8 ***	37.6 ***	29.4 ***
Students (%)	68.6 ***	75.8 ***	60.3 ***
Recent arrivals (%)	8.9 ***	19.7 ***	15.9 ***

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<sup>102</sup> This table reports F values and statistical significance using the standard notation.

## **Appendix 14: Personal reflection**

Reflexive analysis represents an important part of the approaches outlined by both Kemeny (1992) and Bourdieu (e.g. Fries, 2009). I have undertaken more detailed reflexive analysis as part of an additional research methods qualification. The process of learning about and seeking to understand a research topic is not limited to academia. One of the challenges of undertaking a PhD is explaining it to people who are outside of academia. The stories people have shared with me about their own housing experiences have helped to shape the PhD and I appreciate all of them. I have also found it fascinating to try and explain what I do to an inquisitive four year old. As I have tried to explain my work she asked me to include a picture of a house in my 'book'. This picture reminds me that housing research – and the future of housing – is both deeply personal and very important.

